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PREFACE

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. The volumes in the series include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions of the United States together with appropriate materials concerning the facts which contributed to the formulation of policies. Documents in the files of the Department of State are supplemented by papers from other government agencies involved in the formulation of foreign policy.

The basic documentary diplomatic record printed in the volumes of the series *Foreign Relations of the United States* is edited by the Office of the Historian, Bureau of Public Affairs, Department of State. The editing is guided by the principles of historical objectivity and in accordance with the following official guidance first promulgated by Secretary of State Frank B. Kellogg on March 26, 1925.

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>
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>
> c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
>
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>
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Documents selected for publication in the *Foreign Relations* volumes are referred to the Department of State Classification/Declassification Center for declassification clearance. The Center reviews the documents, makes declassification decisions, and obtains the clearance of geographic and functional bureaus of the Department of State, as well as of other appropriate agencies of the government.

Part 2 of this volume was compiled under the supervision of John P. Glennon. Mr. Glennon prepared the compilations on the Philippines and, with the assistance of Carl N. Raether, Indonesia. Harriet D. Schwar compiled the documentation on Burma and Thailand. David W. Mabon assisted in final editing. Margaret Roman prepared the list of abbreviations and Rosa Pace the list of sources. The Documentary Editing Section of the Publishing Services Division (Paul M. Washington, Chief) performed technical editing under the supervision of Rita M. Baker. The Twin Oaks Indexing Collective prepared the index.

William Z. Slany
The Historian
Bureau of Public Affairs

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Consolidated master collection of the records of conferences of Heads of State, the Council of Foreign Ministers and ancillary bodies, the North Atlantic Council, other meetings of the Secretary of State with the Foreign Ministers of European powers, and materials on the Austrian and German peace settlements for the years 1943-1955, prepared by the Department of State Records Service Center.

Conference Files, Lot 59 D 95

Collection of documentation on official visits by heads of government and foreign ministers to the United States and on major international conferences attended by the Secretary of State for the years 1949-1955, as maintained by the Executive Secretariat.

Conference Files, Lot 60 D 627

Collection of documentation on official visits by heads of government and foreign ministers to the United States and on major international conferences attended by the Secretary of State for the years 1953-1958, as maintained by the Executive Secretariat. This file is a continuation of Lot 59 D 95.

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Files maintained by the Bureau of Far Eastern Affairs for the year 1953.

FE Files, Lot 55 D 480

Files maintained by the Bureau of Far Eastern Affairs for the year 1954.

OCB Files, Lot 62 D 430

Master files of the Operations Coordinating Board for the years 1953-1960, as maintained by the Executive Secretariat.

PPS Files, Lot 64 D 563

Master file of documents, drafts, records of meetings, memoranda, and related correspondence for the years 1947-1953 of the Policy Planning Staff

PPS Files, Lot 65 D 101

Master file of documents, drafts, records of meetings, memoranda, and related correspondence for the year 1954 of the Policy Planning Staff.

PSA Files, Lot 58 D 207

Certain files of the Office of Philippine and Southeast Asian Affairs for the years 1949-1955, containing primarily material on Indochina.

Secretary's Memoranda, Lot 53 D 444

Chronological collections of the Secretary of State's memoranda, memoranda of conversation, and memoranda of conversation with the President for the years 1947-1953, as maintained by the Executive Secretariat.

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Chronological collections of the Secretary of State's memoranda of conversation and the Under Secretary of State's memoranda of conversation for the years 1953-1960, as maintained by the Executive Secretariat.

Secretary's Memoranda of Conversation, Lot 65 D 238

Chronological collections of the Secretary of State's memoranda of conversation with the President for the years 1949-1952, memoranda of the Secretary of State and Under Secretary of State for the years 1951-1952, and the Secretary of State's memoranda of conversation with Senator Tom Connally of Texas for the years 1950-1951, as maintained by the Executive Secretariat.

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S/P-NSC Files, Lot 61 D 167

Serial file of memoranda relating to National Security Council questions for the years 1950-1961, as maintained by the Policy Planning Staff.

S/P-NSC Files, Lot 62 D 1

Serial and subject master file of National Security Council documents and correspondence for the years 1948-1961, as maintained by the Policy Planning Staff.

S/S-NSC Files, Lot 63 D 351

Serial master file of National Security Council Documents and correspondence and related Department of State memoranda for the years 1947-1961, as maintained by the Executive Secretariat.

S/S-NSC (Miscellaneous) Files, Lot 66 D 95

Administrative and miscellaneous National Security Council documentation, including NSC Records of Action, as maintained by the Executive Secretariat for the years 1947-1963.

State-JCS Meetings, Lot 61 D 417

Top secret records of meetings between the Joint Chiefs of Staff and representatives of the Department of State for the years 1951-1959 and selected problem files on the Middle East for the years 1954-1956, as maintained by the Executive Secretariat.

U/MSA Files, Lot 56 D 551

Subject files of the Special Assistant for Mutual Security Affairs, 1954-1956.

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JCS Files

Documents obtained upon request from the Secretariat of the Joint Chiefs of Staff.

Dwight D. Eisenhower Library, Abilene, Kansas

Dulles Papers

Records of John Foster Dulles, 1952–1959.

James C. Hagerty Papers

Papers of James C. Hagerty, Press Secretary to President Eisenhower, for the years 1953–1961.

White House Office Files

Several White House office collections, including files of the Office of the Staff Secretary, and Project "Clean Up."

Whitman File

Papers of Dwight D. Eisenhower as President of the United States, 1953–1961, maintained by his personal secretary, Ann C. Whitman. The Whitman File includes the following elements: the Name Series, the Dulles-Herter Series, Eisenhower Diaries, Ann Whitman (ACW) Diaries, National Security Council Records, Miscellaneous Records, Cabinet Papers, Legislative Meetings, International Meetings, the Administration Series, and the International File.

National Archives, Washington, D.C.

JCS Records

National Archives Record Group 218, Records of the United States Joint Chiefs of Staff and the Chairman of the Joint Chiefs of Staff.

Princeton University Library, Princeton, New Jersey

Dulles Papers, Daily Appointments

Daily log of the meetings and appointments of Secretary of State John Foster Dulles for the years 1953–1959.

Harry S. Truman Library, Independence, Missouri

Truman Papers, President's Secretary's File (PSF)

Papers of Harry S. Truman as President, 1945–1953, maintained by his personal secretary.

LIST OF ABBREVIATIONS AND SYMBOLS

Editor's Note—This list does not include standard abbreviations in common usage; unusual abbreviations of rare occurrence which are clarified at appropriate points; and those abbreviations and contractions which, although uncommon, are understandable from the context.

AA, anti-aircraft
AAA, anti-aircraft artillery
AC&W, aircraft and warning
ACSP, Asian Collective Security Pact
AFP, Armed Forces of the Philippines
AFPFL, Anti-Fascist People's Freedom League
ALUSNA, United States Naval Attaché
Aneta, Algemeen Nieuws en Telegraaf Agentschan, a semi-official Dutch news agency
Antara, Indonesian news agency
ANZAM, Australia, New Zealand, and Malaya
ANZUS, Australia, New Zealand, and United States
AOP, aerial observation
AP, Associated Press
AV/AVP, seaplane tender/small seaplane tender
BNA, Office of British Commonwealth and Northern European Affairs, Department of State
BSM, British Services Mission (in Burma)
BURM, Burma, Burmese
BWPP, Burmese Workers' and Peasant's Party
C, Office of the Counselor of the Department of State
C/S, Chief of Staff
CA/CL, heavy cruiser/light cruiser
CAT, Civil Air Transport
CCAF, Chinese Communist Air Force
CERP, Comprehensive Economic Reporting Program
CEV MC, Churchill-Eden Visit, Memorandum of Conversation
CF, Conference File
CFM, Council of Foreign Ministers
Chi, Chinese
Chi Commie(s), Chinese Communist(s)
ChiNats, Chinese Nationalists
CHINCOM, China Committee, a permanent working group of the Paris Consultative Group of nations working to control export of strategic goods to Communist countries
CIA, Central Intelligence Agency
c.i.f., cost, insurance, and freight
CIGS, Chief of the Imperial General Staff
CINCFE, Commander in Chief, Far East
CINCPAC, Commander in Chief, Pacific
CINCPACFLT, Commander in Chief, U.S. Pacific Fleet
CINCUNC, Commander in Chief, United Nations Command
COCOM, Coordinating Committee of the Paris Consultative Group of nations working to control export of strategic goods to Communist countries
commo, communication
COMNAVCOM, Commander, Naval Communications
COMNAVPHIL, Commander, U.S. Naval Forces in the Philippines
COMPHILCOM, Commander, U.S. Forces in the Philippines
ConGen, Consul General
CPR, Chinese People's Republic
CRIK, Civilian Relief in Korea
CRO, Commonwealth Relations Office (United Kingdom)
CVA, attack aircraft carrier
CVS/CVL/CVE, anti-submarine warfare support aircraft carrier/small aircraft carrier/escort aircraft carrier
DD/DDR/DDE, destroyer/radar picket destroyer/escort destroyer
del, delegation
Depcirtel, Department of State circular telegram
Deptel, Department telegram

DI, Darul Islam (House of Islam), Indonesian political movement

DMS, Director of the Mutual Security Agency

DTG, Date Time Group

Dulte, primarily a series indicator for telegrams from Secretary of State Dulles while absent from Washington; also used as series indicator for telegrams to him from the head of the United States Delegation at an international conference

E, Bureau of Economic Affairs, Department of State

ECA, Economic Cooperation Administration

ECAFE, Economic Commission for Asia and the Far East

EDC, European Defense Community

EDCOR, Economic Developmant Corps (Philippines)

Embdes, Embassy despatch

Embtel, Embassy telegram

EUR, Bureau of European Affairs, Department of State

Excon, designation for telegrams dealing with the export control program; export control

FA, field artillery

FBI, Federal Bureau of Investigation

FBIS, Foreign Broadcast Information Service

FCN, Friendship, Commerce and Navigation (treaty)

FE, Bureau of Far Eastern Affairs, Department of State

FEC, Far Eastern Commision

FE/P, Officer in Charge of Public Affairs, Bureau of Far Eastern Affairs, Department of State

FF, foreign forces (in Burma)

FIC, French Indochina

FOA, Foreign Operations Administration

FOA/W, headquarters of the Foreign Operations Administration in Washington

F.O.B., free on board

FonMin, Foreign Minister

FY, fiscal year

FPT, French political talks; series indicator for documentation related to discussions with René Mayer, Premier of France, at Washington, in March 1953

FYI, for your information

G, Office of the Deputy Under Secretary of State

G-2, Army general staff section dealing with intelligence at the divisional or higher level

G-3, Army general staff section dealing with operations and training at the divisional or higher level

GA, General Assembly of the United Nations

GARIOA, Government and Relief in Occupied Areas

GATT, General Agreement on Tariffs and Trade

GOB, Government of Burma

GOC, Government of Ceylon

GOI, Government of India

GRS, general purpose rubber, synthetic

GOP, Government of Pakistan

GUB, Government of the Union of Burma

HICOM, High Commissioner

Hicomer, High Commissioner

HM, Her Majesty

HMB, Hukbong Mapagpalaya ng Bayan (People's Liberation Army), a military force affiliated with the Philippine Communist Party

HMG, Her Majesty's Government

HON, series indicator for papers prepared in connection with the First Meeting, ANZUS Council, held at Honolulu, August 4-6, 1952

Huk, *see* HMB

IADB, Inter-American Defense Board

IBRD, International Bank for Reconstruction and Development

IC, Indochina

IES, International Educational Exchange Service

IMF, International Monetary Fund

Indo, Indonesia

INS, International News Service

ISA, International Security Affairs (Department of Defense)

IVAG, International Volunteer Air Group

JCS, Joint Chiefs of Staff

JSG, Joint Study Group (United Kingdom-United States)

JSSC, Joint Strategic Survey Committee

JUSMAG, Joint United States Military Advisory Group

JUSMAGPHIL, Joint United States Military Advisory Group in the Philippines

KMT, Kuomintang (Nationalist Party), Republic of China

KNDO, Karen National Defense Organization (Burma)

KV, series indicator for papers prepared in connection with the visit of Sir John Kotelawala, Prime Minister of Ceylon, to Washington, December 6–8, 1954

L, Office of the Legal Adviser, Department of State

L/E, Office of the Assistant Legal Adviser for Economic Affairs, Department of State

L/FE, Office of the Assistant Legal Adviser for Far Eastern Affairs, Department of State

L/UNA, Office of the Assistant Legal Adviser for United Nations Affairs, Department of State

LOC, line of communication

LST(s), Tank Landing Ships

MAAG, Military Assistance Advisory Group

Masjumi, Madjelis Sjuro Muslim Indonesia (Council of Indonesian Moslem Association)

MATS, Military Air Transport Service

MDAP, Mutual Defense Assistance Program

ME, Middle East

MEC, Middle East Command

MEDO, Middle East Defense Organization

Merdeka, Indonesian word for "freedom"; a newspaper published by the Indonesian Nationalist Party

MFN, most favored nation

MIG(s), Russian-made fighter aircraft

Mil Rep(s), Military Representative(s)

MIN, minute

MISC/RA, Miscellaneous, Regional Affairs

MMS, Metals and Minerals Staff, Bureau of Economic Affairs, Department of State

MND, Ministry of National Defense (Republic of China)

MPIWG, MP(IWG), Manila Pact Informal Working Group

MS, Mutual Security Agency

MSA, Mutual Security Act (of 1951); Mutual Security Agency; Mutual Security Assistance

msg, message

MSP, Mutual Security Program

MTL, series indicator for papers prepared in connection with bilateral and tripartite meetings of the Foreign Ministers of France, the United Kingdom, and the United States at London in late June 1952

Musta, series indicator for telegrams from the Mutual Security Agency in Washington to its missions abroad

mytel, my telegram

NA, Office of Northeast Asian Affairs, Department of State

NAC, National Advisory Council on International Monetary and Financial Problems

NAMFREL, National Movement for Free Elections (Philippines)

NAT, North Atlantic Treaty

Natl(s), (Chinese) Nationalist(s)

NATO, North Atlantic Treaty Organization

NCNA, New China News Agency, People's Republic of China

NEC, National Economic Council (Philippines)

NEA, Bureau of Near Eastern, South Asian, and African Affairs, Department of State

niact, night action, communications indicator requiring attention by the recipient at any hour of the day or night

NIE, National Intelligence Estimate

NKVD, Soviet Secret Police

NNG, Netherlands New Guinea

Noforn, no foreign dissemination

NP, Nacionalista Party (Philippines)

NSC, National Security Council

NU, Nahdatul Ulama (association of orthodox Muslims)

NZ, New Zealand

OAS, Organization of American States

OCB, Operations Coordinating Board

ODM, Office of Defense Mobilization

OEEC, Organization for European Economic Cooperation

O/FE, Office of Far Eastern Operations, Foreign Operations Administration

OIR, Office of Intelligence Research, Department of State

OMP, Office of International Materials Policy, Department of State

P, Bureau of Public Affairs, Department of State

Pac, Pacific

Partai Murba, Indonesian national Communist party

PERBEPSI, Persatuan Bekas Pedjuang Bersendjata Seluruh Indonesia (All-Indonesian Association of Former Arned Fighters)

PIR, Partai Peratuan Indonesia Raja (Greater Indonesian Union Party)

PNI, Partai Nasional Indonesia (Indoneasian Nationalist Party)
PriMin, Prime Minister
POC, Peace Observation Commission
POL, petroleum, oil, lubricants
PPS, Policy Planning Staff, Department of State
PSA, Office of Philippine and Southeast Asian Affairs, Department of State
PSA/E, Officer in charge of Economic Affairs, Office of Philippine and Southeast Asian Affairs, Department of State
PSB, Psychological Strategy Board
PSI, Partai Sosialis Indonesia (Socialist Party of Indonesia)
PW, prisoner of war
R, Office of the Special Assistant for Intelligence, Department of State
RAF, Royal Air Force
RCT, regimental combat team
reftel, reference telegram
RFC, Reconstruction Finance Corporation
RI, Republic of Indonesia
ROK, Republic of Korea
ROTC, Reserve Officer Training Corps
RRI, Radio Republik Indonesia
RTAF, Royal Thai Air Force
RTC, Round Table Conference
S/P, Policy Planning Staff, Department of State
S/S, the Executive Secretariat of the Department of State
S/S-R, the Executive Secretariat, Policy Reports Staff, Department of State
SACLANT, Supreme Allied Commander, Atlantic
SCAP, Supreme Commander, Allied Powers, Japan
SCEM, series indicator for papers prepared in connection with bilateral and tripartite meetings of the Foreign Ministers of France, the United Kingdom, and the United States at Paris in late May 1952
SE, Special Estimate
SEA, Southeast Asia
SEAP, letters standing for "Southeast Asia Pact"; used as a series indicator for documents circulated in preparation for the Manila Conference
SEATO, Southeast Asia Treaty Organization
Secto, series indicator for telegrams to the Department of State from the Secretary of State (or his delegation) in connection with international conferences
SHAPE, Supreme Headquarters, Allied Powers, Europe
SM N, Staff Meetings Notes
S/MSA, Office of the Special Assistant to the Secretary of State for Mutual Security Affairs
SNIE, Special National Intelligence Estimate
SOA, Office of South Asian Affairs, Department of State
SOBSI, Sentral Organiasi Buruh Seluruh Indonesia (Central Organization of all Indonesian labor)
STEM, United States Special Technical and Economic Mission
SUNFED, Special United Nations Fund for Economic Development
SVPN, Standard Vacuum Petroleum Mij
TA, technical assistance; trade agreement
TCA, Technical Cooperation Administration, Department of State
TCA/B, Technical Cooperation Administration, Burma
TCA/W, Technical Cooperation Administration, Washington
TCT, Truman-Churchill talks (series indicator for papers prepared in connection with the visit to the United States of Winston S. Churchill, Prime Minister of the United Kingdom, January 5-19, 1952)
Tedul, primarily a series indicator for telegrams to Secretary of State Dulles while absent from Washington; also used as series indicator for telegrams from Dulles to the head of the United States Delegation at an international conference
TELAC, series indicator for telegrams to Secretary of State Acheson during absences from Washington
T.H., Territory of Hawaii
TIAS, Treaties and Other International Acts Series
Tomus, series indicator for telegrams to the Mutual Security Agency in Washington from its missions abroad
Tosec, series indicator for telegrams from the Department of State to the Secretary of State or his delegation in connection with conferences of Foreign Ministers
U/MSA, Office of the Special Assistant for Mutual Security Affairs in the

Office of the Under Secretary, Department of State
UNCI, United Nations Commission for Indonesia
UNP, Office of United Nations Political and Security Affairs, Department of State
U/OC, Office of the Operations Coordinator, Department of State
UK, United Kingdom
UKG, United Kingdom Government
UN, United Nations
UNESCO, United Nations Educational, Scientific and Cultural Organization
UNKRA, United Nations Korean Reconstruction Agency
UP, United Press
urinfo, your information
urtel, your telegram
USA, United States Army
USAF, United States Air Force
US Del, United States Delegation
Usfoto, series indicator for telegrams and airgrams from the Foreign Operations Administration to missions abroad
USIA, United States Information Agency
USIS, United States Information Service
USMC, United States Marine Corps
USN, United States Navy
USOM, United States Operations Mission
USRO, United States Mission to the North Atlantic Teaty Organization and European Regional Organizations
USSR, Union of Soviet Socialist Republics
UST, *United States Treaties and Other International Agreements*
USUN, U.S. Mission at the United Nations
VM, Viet Minh
VOA, Voice of America
VP, patrol plane squadron
WAM, series indicator for papers prepared in connection with the Washington ANZUS meeting of September 1953
WE, Office of Western European Affairs, Department of State
Weeka, weekly, interagency, summary analysis from the United States diplomatic missions
WG, Working Group

BURMA

UNITED STATES POLITICAL AND ECONOMIC RELATIONS WITH BURMA; UNITED STATES CONCERN WITH THE PRESENCE OF CHINESE NATIONALIST TROOPS IN BURMA[1]

No. 1

793.00/1-1052: Telegram

The Chargé in Burma (Day)[2] to the Department of State

CONFIDENTIAL RANGOON, January 10, 1952—noon.

651. In conversation Jan 8 after discussion exchange notes Sec 511 (b) MSA[3] (Embtel 640, Jan 8)[4] Acting FonMin U Kyaw Nyein[5] raised matter of KMT troops in Burma.[6] He referred to reports from Commie China that US Seventh Fleet was carrying Chinese National troops to Thailand[7] and that visit of Gen Cole[8] to Gen

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[1] For previous documentation, see *Foreign Relations*, 1951, vol. VI, Part 1, pp. 267 ff.

[2] Henry B. Day, Counselor of Embassy in Rangoon, was Chargé d'Affaires in the absence of Ambassador David McK. Key, who was in Paris as a member of the U.S. Delegation at the U.N. General Assembly.

[3] Section 511 (b) of the Mutual Security Act of 1951 (approved Oct. 10, 1951; 65 Stat. 373) required that countries receiving U.S. economic or technical assistance must have agreed "to join in promoting international understanding and good will, and in maintaining world peace, and to take such action as may be mutually agreed upon to eliminate causes of international tension."

[4] Telegram 640 from Rangoon reported that the Burmese Government could not agree, as Section 511 (b) required, "on taking action mutually agreed upon," because it would be interpreted as a departure from Burma's policy of neutrality and "wld cause political upheaval." (460.90B9/1-852) After further negotiations, a mutually acceptable formula was found; for the text of the agreement, effected by an exchange of notes in Rangoon on Feb. 6 and 9, 1952, see *United States Treaties and Other International Agreements* (UST), vol. 5 (pt. 2), p. 4535.

[5] U Kyaw Nyein was Minister for Cooperatives; the Minister for Foreign Affairs was Sao Hkun Hkio.

[6] A number of Chinese Nationalist troops under the command of Gen. Li Mi had fled into Burma after the defeat of the Nationalists on the Chinese mainland in 1949. For documentation relating to U.S. concern with the presence of these troops in Burma, see *Foreign Relations*, 1951, vol. VI, Part 1, pp. 273 ff.

[7] On Jan. 2, the Embassy in Rangoon reported news items in the Rangoon press concerning this charge, which had been made in radio and press reports from the People's Republic of China. (Telegram 616; 793.00/1-252)

[8] Brig. Gen. John T. Cole, Chief of the U.S. Military Assistance Advisory Group, Thailand.

Chase[9] and trip of Gen Collins[10] were connected with creating border disturbances. He said these reports from Peiping carried undertone of threat to Burma which was now again obliged urgently consider taking matter to United Nations. Referring to absence direct communication with Nat China and our previous willingness to help he said GOB glad receive any suggestions on how solve difficulties.

I replied US Govt considered it had done all it cld to help get KMT troops out of Burma and was sure Thailand as sovereign govt was not supplying them. As authorized Deptel 548[11] gave categorical denial press reports Seventh Fleet carrying Chinese National troops to mainland. Assured him mil visits were made solely in pursuance of programs mil aid to friendly countries. Pointing to difficulty US Govt faces in helping solve troubles in sovereign countries over which it exercised no control I said believed US Govt while anxious meet GOB request for suggestions wld itself welcome any GOB suggestions on what positive steps US cld take. Expressed opinion prob seemed essentially a regional one which countries from which supplies coming and through which passing wld ultimately have to solve and that in view absence success previous efforts US Govt to assist I thought US Govt might not any longer wish discourage Burma from taking matter to UN but wld report matter to State Dept.

In answer my query for info present KMT troop situation I was informed that troops were preying on countryside, that number had increased, that fresh group of 900 had come into Burma, and that smuggling of arms and supplies continued, place whence 900 came not known. Chiefs of Wa state on border were incensed at KMT troops who had fled from Yunnan after defeat.

Kyaw Nyein ended talk by saying wld take up with PriMin[12] matter of appeal to UN as soon as PriMin returned from Shan state.

DAY

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[9] Maj. Gen. William C. Chase, Chief of the U.S. Military Assistance Advisory Group, Formosa.

[10] Gen. J. Lawton Collins, Chief of Staff, U.S. Army, visited the Republic of China on Oct. 26 and 27, 1951, as part of a trip to several countries receiving U.S. military assistance. He reported on his trip in a memorandum to the Joint Chiefs of Staff, Nov. 13, 1951, printed in part in *Foreign Relations*, 1951, vol. VI, Part 1, p. 544.

[11] Not printed.

[12] Thakin Nu.

No. 2

793.00/1-1052: Telegram

The Secretary of State to the Embassy in Burma[1]

SECRET PRIORITY WASHINGTON, January 15, 1952—6:44 p. m.

611. Embtel 651 Jan 10. Dept believes submission matter KMT troops to UN wld serve no useful purpose and wld be embarrassing to GOB as well as other govts. On two previous occasions US Govt approached Govts Taipei and Bangkok[2] and according to info available to Dept supply of arms and equipment to troops has been entirely eliminated or reduced to insignificant quantities. Dept has investigated reports of Amers connected with activities Li Mi and has been unable find any US cits involved. Investigation is continuing and suitable steps will be taken prevent any such involvement. It therefore appears that US Govt has already taken most steps that might appropriately be undertaken by Govt not directly concerned.

You may bring these facts to attn FonOff and inquire whether there is any other way in which this govt can be helpful in present situation. You may inform FonOff that Dept has received assurances that Gen Li Mi who has recently been in Taipei will not return either to Burm or to Thai.

You shld also suggest to FonOff that if it shld decide refer matter to UN it consider possibility requesting Peace Observation Commission send team observe activities KMT troops. You shld also mention poss. other dels suggesting that team at same time shld observe Burm Chi border re possible assistance by Chi Commies to Burm insurgents as well as activities KMT troops.

FYI Dept believes further approach to Chi or Thai Govts wld not only be unproductive but wld tend to indicate more concern than wld normally be shown by third country not directly involved. In the case of Thai Dept has every reason to believe smuggling to KMT troops has stopped.

ACHESON

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[1] Repeated to Bangkok, Taipei, London, New Delhi, and to Paris for Ambassador Key.

[2] For documentation concerning previous U.S. approaches to the Government of the Republic of China, see *Foreign Relations*, 1950, vol. VI, pp. 256 ff., and *ibid.*, 1951, vol. VI, Part 1, pp. 31 ff.; for documentation concerning an approach to the Thai Government, see *ibid.*, pp. 1594 ff.

No. 3

320/1-2952: Telegram

The Chargé in Burma (Day) to the Department of State[1]

SECRET RANGOON, January 29, 1952—5 p. m.

750. Embtel 729 Jan 25[2] rptd Taipei 14 Bangkok 52 from Rangoon, info Depcirtel 647 Jan 22[3] and text proposed US challenge to Vishinsky charges[4] conveyed to FonOff January 25, PermSec merely asked proposed timing.

FonMin Jan 28 gave me *aide-mémoire*[5] saying FonOff asked approach Emb with view request US Govt use good offices persuade "if not to bring possible pressure to bear on Taipei Govt" order KMT troops leave Burma or surrender; if order issued GOB prepared make order known to troops; if for withdrawal GOB wld let six mil observers see done orderly manner; FonOff also requests US Govt persuade Thailand permit withdrawal thru Thailand. Knowing our helpful friendship FonOff hopes US Govt will do all can "in interests internatl peace".

Aide-mémoire differs from Ne Win proposals in (1) adding "surrender", (2) making no mention arms ammo, (3) not specifying six observers be from Taipei.

Comment: In talk with FonMin Jan 26 we discussed Ne Win proposal informally. He had just heard of it. I mentioned uncertainty all if any troops obey order and practical questions of food, arms, disciplines, transport. Asked if GOB not willing negotiate direct with Thailand. FonMin suggested Burma UK and US might cooperate in making arrangement with Thailand if any initial steps under proposal offered prospect success.

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[1] Repeated to Taipei and Bangkok.

[2] Telegram 729 reported that Lt. Gen. Ne Win, Supreme Commander, Burma Armed Forces, had made informal proposals to the U.S. Military Attaché in Rangoon for U.S. cooperation in arranging the evacuation of the Chinese Nationalist troops, with their arms and ammunition, from Burma through Thailand. (793.00/1-2552)

[3] Circular telegram 647 stated that the U.S. Delegation at the U.N. General Assembly would respond to charges made on Jan. 3 by Soviet Foreign Minister Andrei Y. Vyshinsky, before the First Committee of the General Assembly, that the United States had been transporting Chinese Nationalist troops from Taiwan to Thailand and Burma in preparation for aggression against the People's Republic of China. The telegram suggested that other interested governments might wish to consider addressing themselves to this subject. (320/1-2252) For the official summary of Vyshinsky's remarks, see U.N. document A/C.1/SR.477. For Cooper's statement and the attendant discussion in the General Assembly, see U.N. documents A/PV.368 and 369.

[4] The text of the proposed U.S. statement was sent to Paris in Gadel 796, Jan. 22, and to Rangoon and other posts as circular telegram 649, Jan. 22. (320/1-2252)

[5] The text of the *aide-mémoire* was enclosed with despatch 651 from Rangoon, Jan. 30. (790B.00/1-3052)

Despite view Deptel 611 Jan 15 conveyed earlier to FonOff that US Govt has taken all appropriate steps recommend serious consideration proposal as evidence our genuine desire continue help seek solution. But believe we shld avoid entanglement in elaborate scheme of dubious outcome as price of deterring GOB from appeal to UN.

DAY

No. 4

790B.00/2-152: Telegram

The Ambassador in the United Kingdom (Gifford) to the Department of State[1]

TOP SECRET LONDON, February 1, 1952—6 p. m.

3357. Bangkok's 1540, January 24[2] to Department repeated Taipei 12, Saigon 42, Rangoon 46, London unnumbered. I fully share concern expressed by Bangkok over explosive situation resulting from reports KMT troops in Burma contemplating further raids into Chinese Communist territory and hope Department can and will make strong representations to National Government, pointing out any nebulous and ephemeral advantages to be gained by further raids into Yunnan wld be far out-weighed by danger would probably ensue, not only to Burma but to whole western position in SEA.

Of particular concern to Embassy is persistence of rumors that, notwithstanding repeated denials by US authorities of official complicity, US nationals continue to be involved in supplying these KMT forces. Understood French have already brought to Department's attention their embarrassment over practice of non-scheduled aircraft from Formosa, utilizing American pilots, refueling in Indochina en route to Bangkok. Other reports continue to flow in from Burma describing in detail alleged use of ports in Thailand as staging areas for logistical support of KMT forces. In light continuing reports of this kind, official US denials unaccompanied by US restraining action will continue to be ineffective.

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[1] Repeated to Bangkok, Taipei, Saigon, Rangoon, New Delhi, and Paris.

[2] Telegram 1540, Jan. 18 (relayed to London on Jan. 24), described a conversation with the Chinese Chargé in Bangkok concerning reports that Gen. Li Mi was planning to return to Burma and begin new offensive operations. The telegram concluded: "As Dept knows, this matter has caused Emb deep concern, and I would like urge once again everything be done impress upon Nationalist Govt unwisdom Li Mi returning Thailand and more particularly the undertaking of any offensive operations from Burmese territory by KMT troops." (793.00/1-1852)

In addition to representations already understood to have been made to Department by UK and French this subject it seems to me following aspect deserves most serious consideration. Although mere presence KMT forces in Burma and small-scale KMT raids from Burma into Yunnan will not in themselves invite Chinese Communist invasion of Burma, it would, of course, furnish ready-made pretext for such an invasion. When Chinese Communists and strategy dictates an invasion of SEA, it will be simple matter for them find or invent justification. What is more important is effect presence these forces on Asian nations. In case of Korea, fact that fifty nations denounced North Korean aggression[3] was of immeasurable importance. In event of Chinese Communist aggression against Vietnam or Burma, it will be equally important to have largest possible measure of support. Unless KMT troop situation cleared up and rumors US's complicity effectively proved without basis, it is likely Asian nations, especially India, will welcome this excuse for failure to join western powers in denouncing such aggression, and some of Vyshinsky's mud will stick.

GIFFORD

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[3] Reference is presumably to Resolution 376 (V) of the U.N. General Assembly, Oct. 7, 1950; for text, see *Foreign Relations*, 1950, vol. VII, p. 904.

No. 5

793.00/1-2552: Telegram

The Secretary of State to the Embassy in Burma[1]

SECRET WASHINGTON, February 2, 1952—2:03 p. m.

673. Embtel 729 Jan 25[2] and 750 Jan 29. You may inform FonOff that Dept in sympathy with plan repatriate KMT troops but believes US Govt shld not urge Thai Govt take steps which might involve it in serious difficulties with Chi Commies. You shld therefore suggest that GOB consider possibility repatriating troops thru Rangoon[3] possibly with advance concurrence Chi Commies. Dept

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[1] Repeated to Taipei and Bangkok.

[2] See footnote 2, Document 3.

[3] On Jan. 31, the Embassy reported that the Permanent Secretary of the Burmese Foreign Office stated that it would be inconsistent with neutrality and contrary to international law for the Burmese Government to assist the Nationalist troops in Burma to join the Chinese forces on Formosa. The telegram was received in the Department on Feb. 1, but presumably did not reach the Burma desk until after telegram 673 was drafted. (Telegram 753; 790B.00/1-3152)

prepared use good offices transmit proposal to Chi Govt Taipei if above suggestion acceptable to GOB.

ACHESON

No. 6

790B.00/2-452: Telegram

The Minister at Saigon (Heath) to the Department of State[1]

TOP SECRET SAIGON, February 4, 1952—8 p. m.

1541. Suppose opinions on finality Commie victory in Chi and feasibility attempts keep Chi opposition forces alive will continue differ for long time to come. Re London's 3356 [*3357*], Feb 1, and Bangkok's 1540, Jan 24 [*18*],[2] my considered view is that if US not engaged in supporting guerilla action against Commie Chi, it ought to be. This also personal view Salan[3] now commanding Fr Forces Far East (see Legtel 1488, Jan 25).[4]

We agree that KMT activities in or from Burma will not be cause ChiCom invasion Burma; that we must seek persuade Asian nations, including Ind, that their security lies in resistance aggression; that it desirable not give Sovs debating pegs. Yet we confronted with six years ChiCom support of IC and Malayan wars and of Burm unrest. For at least two years ChiComs have systematically equipped, trained, advised, directed, and controlled VM. For at least past six months Sovs have been moving into place in South Chi with joint Sino-Sov Mil Commissions. Pattern their most recent activities not unlike prelude to Korea.

If aggression comes we not prepared say that ChiNat guerillas still on mainland will be of no value to us. Their continued existence requires support; their support requires some operational bases. There the rub comes, for even those who fol argument thus far do so provided territory of someone else to be used. Persuasion that security of free world and safety of state or states selected will be served by calculated risk is task our SEA diplomacy.

We think we must be very certain of definite advantages in abandonment of ChiNat guerillas before we let slip one of few remaining area forces with some will to resist ChiComs. At moment we believe dangers of ChiCom consolidation of South China infinitely graver that possibilities of affronted sensibilities of some Asian opinion or professional hysterics Sov spokesmen.

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[1] Repeated to London, Paris, Rangoon, New Delhi, Taipei, Hong Kong, and Bangkok.

[2] See footnote 2, Document 4.

[3] Gen. Raoul Salan, Acting Commander in Chief of the French Union Forces in Indochina.

[4] For text, see vol. XIII, Part 1, p. 21.

HEATH

No. 7

793.00/2-552: Telegram

The Ambassador in Thailand (Stanton) to the Department of State[1]

SECRET BANGKOK, February 5, 1952—5 p. m.

1663. During conversation PriMin[2] today I reiterated seriousness situation Shan state Kengtung occasioned by growing Soviet interest situation there concerning which Burmese del made complaint. I emphasized Soviet offer assistance Burm to eject KMT troops had ominous ring, that such eventuality not only constitutes serious threat Burma but also Thailand. PriMin agreed re seriousness situation, said he had just recd two long messages from Thai Emb Rangoon on subject. He said in reply he was instructing Thai reps Rangoon, Wash, Paris, London (1) Thai Govt's position based on maintenance peace under UN; (2) strict observance international law with respect troops deserting or escaping into Thailand; (3) closure Thai frontiers prevent illegal export supplies whatever nature reaching Nationalist troops. Connection last point he said Thai reps had been told if pressed to admit possibility some illegal transport supplies at unguarded points long Thai-Burma frontier.

I urged PriMin issue fresh instructions prevent any supplies reaching KMT troops also press statement making clear Thai Govt's position this matter. He agreed issuance strict instructions re clandestine transport supplies and said govt would also issue statement after consultation Parliament.

STANTON

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[1] Repeated to Saigon, Taipei, Singapore, Rangoon, and London.

[2] Field Marshal P. Pibulsonggram (Phibun Songkhram).

No. 8

790B.00/2-552: Telegram

The Ambassador in the United Kingdom (Gifford) to the Department of State

TOP SECRET PRIORITY LONDON, February 5, 1952—6 p. m.

3398. For Secretary from John Cooper. On Fri Feb 1 Mr. Thein head of Burmese delegation talked to me about Chin Nationalist troops in Burma and extended the statement he had made in the comite. He said additional troops were joining orig Nationalist body in small grps coming he believed from Formosa. Five helicopters had been seen dropping weapons very recently. He stated that Formosa was assisting troops. Accepted statement that no US aid was being given but said that Americans had been seen and that he believed that supply was under direction of Gen Chennault.[1] In his view sitn not dangerous if Chi aid from Formosa stopped and if Amer personnel removed. Urged strongly that I speak to SecState and even Pres to ask them to take steps without any delay to stop Chi Nationalist aid to forces in Burma and to get Americans out. If these not done he thought dangerous that Chi Communists might use any excuse to cross border. I was impressed by the sincerity of Thein's remarks and wish personally to urge that action be taken to remove any factors which directly or indirectly cld associate US with this force.

GIFFORD

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[1] Maj. Gen. Claire Lee Chennault, USAF, retired, was chairman of the Board of Civil Air Transport, Inc., in the Republic of China.

No. 9

790B.00/2-452: Telegram

The Secretary of State to the Legation at Saigon[1]

SECRET WASHINGTON, February 12, 1952—5:08 p. m.

1142. Legtel 1541 Feb 4, London tel 3357 Feb 1 (not rptd Hong Kong). Fol statement was drafted for possible release to press. Although it was not released it is Dept's official position on question and shld guide all discussion of matter by the various missions:

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[1] Repeated to London, Paris, Rangoon, New Delhi, Taipei, Hong Kong, and Bangkok.

"A nr of questions have been asked about the Chi Natl troops in Kengtung in North Burm and the activities of the Chi Natl Gen Li Mi. What Dept knows about these matters comes largely from intelligence sources and Dept's info is to the fol effect:

"It is understood there is a relatively small nr of Chi Natl troops in North Burm who represent the remnants of certain Chi Natl elements which were driven out of Yunnan province into North Burm by Chi Commies at the time of the collapse of Chi Natl resistance in Yunnan in 1949. About the same time certain other fugitive elements of Natl troops escaped across the Indo-Chi frontier where they were interned by the Fr mil auths there. According to reports recd by Dept, sometime last spring Gen Li Mi led his Natl troops back into Yunnan in an attempt estab an anti-Commie center of resistance there with the stated purpose of ult displacing Commie control of the area. Concerning press reports from Formosa, Gen Li Mi was said to have held the appt of Gov of Yunnan province from the Chi Natl Govt. The attempted move into Yunnan is reported to have been abortive and it is further understood that Li Mi's forces returned across border into North Burm where they are believed still to remain, scattered over a considerable area and where they are understood to be a source of concern to Burm Govt.

"Re Gen Li Mi himself, reports indicate he went to Formosa some time ago and has been in contact with Natl leaders there during the past few months.

"Dept has noted nr of statements from fon sources to effect that large nrs of Chi Natl troops have recently been introduced into North Burm from Formosa or elsewhere, and it is even charged that this has been done with Amer help or support. Insofar as these statements and charges relate to Amer assistance they are entirely without foundation in fact. Moreover there is no indication from any of our sources that there has been any such movement of Chi troops. It is the view of Dept that these statements and charges are either (a) based on ignorance or (b) deliberate propaganda play calculated confuse world pub opinion and create fictitious issues. There is further possibility that some of the persons responsible for these statements, although themselves acting in good faith, have been deceived by false info."

Fol for your background info: there have been numerous allegations of US complicity and Commies have made charges that US Govt furnishing supplies, arms, ammo and that Amer officers are with troops. Matter was discussed at some length during recent session GA when Sov rep rptd charges against US and Burm del accused Chi Natl Govt of aggression. Denials US involvement by Secy and other US officials supported by Thai, Chi and Burm dels have done much to counteract charges against US.

Although problem essentially one for Burm to solve, Dept has long recognized dangers inherent in presence these troops on Burm soil, but because of inability Burm to disarm and intern them and reluctance Burm and Thai Govts antagonize Chi Commies, Dept can see no practicable means of removing them. Only possible actions appear to be (1) leave troops in Burm where they wld remain source of annoyance to GOB, wld continue offer standing pretext for Chi Commie intervention and wld become increasingly difficult to manage and restrain from provocative action, (2) disarm and intern troops which GOB unable accomplish and which troops and Li Mi will probably continue to be successful in resisting (3) repatriate troops to Taiwan via Rangoon, which GOB opposes because offensive to Chi Commies (4) repatriate to Taiwan via Thai, which opposed by Thai and which we do not favor because wld expose Thai to danger Chi Commie retaliation.

We have three times made representations in Taipei and believe further approaches wld not only be unproductive but wld annoy Chi Natls and raise charges that we not sympathetic to anti-Commie activities. This is of course untrue. We have never concealed our sympathy for any action to embarrass and combat Chi Commies wherever it may be. However we consider this operation in Burm inconsistent, due to pol considerations as well as time and space factor, with best interests struggle against Commies. As you are well aware extreme nationalism and fear of old style colonialism are outstanding characteristics of newly independent regimes S and SE Asia. We believe it important retain friendship peoples this area as last foothold of freedom in Asia. This purpose wld not be served by action which wld convince them of our desire embroil them in East-West struggle and which cld provoke Chi Commies snuff out independence both Burm and Thai at time and in manner inconvenient for us counter.

As for possibility UN action in situation, Dept has informed US del Paris as well as interested posts that:

a. Composition POC cld result in submission majority and minority reports and POC investigations might reveal connections between KMT and Thai natls thus involving Thai in hazardous relations Chi Commies.

b. Burm have advised us that they wld find proposal POC very embarrassing GOB.

If Burm invites POC or *ad hoc* Comm, or if Burm agreeable to proposal such measures by other friendly power, US wld not oppose and might support.

US position this matter seems beyond reproach. It is therefore duty all US officials abroad to emphasize foregoing pts and to counter efforts by Commies to persuade world opinion to contrary by dramatic repetition.

ACHESON

No. 10

Editorial Note

For text of NSC 124, "United States Objectives and Courses of Action With Respect to Southeast Asia," February 13, which deals in part with Burma, see Part 1, page 45.

No. 11

790B.00/2-1552: Despatch

The Chargé in Burma (Day) to the Department of State

TOP SECRET RANGOON, February 15, 1952.

No. 679

Ref: Saigon tel 1541 Feb. 4 to Dept., rptd London 29, Paris 567, pouched Rangoon, New Delhi, Taipei, Hongkong, Bangkok.

Subject: Aid to KMT troops in Burma.

Telegram 1541 of February 4 from the Embassy [*Legation*] at Saigon to the Department concerns policy on aid to Chinese Nationalist guerrillas on the Asian mainland. The purpose of this despatch is to comment, with particular reference to this telegram, on aspects of the problem which relate solely to KMT troops in Burma. The Embassy does not believe that helping these troops will serve American interests.

Burmese neutrality and amenability to persuasion.

For background, it is believed necessary first to review aspects of Burma's policy of neutrality and prospects of persuading the Burmese Government to prepare for resistance to aggression and accept the KMT troops as a potential source of strength.

While it may be assumed that there is general agreement that we should continue efforts to convince Asian nations that aggression can only be stopped by united action and resistance there is perhaps incomplete appreciation of the reality of Burma's inability to defend itself and of the effects of this weakness on the Burmese Government's amenability to persuasion. We cannot expect Burma to prepare to make a serious effort to defend itself against an attack by Communist China. Nor can we expect Burma to look to distant friends for help if Burma is invaded.

Burma knows that it cannot defend itself against a strong invading force. It thinks that any close association with the more powerful countries of the free world could not offer advantages to counterbalance the dangers from the hostility the association would provoke in Peking. It believes its best hope of being spared disaster lies in maintaining the friendliest possible relations with Communist China. This is not a sentiment based on ideological sympathies but a conviction founded on instinct to survive.

General Ne Win has twice informed our Army Attaché that Burma would fight if invaded. The Embassy believes that there could be little better than token resistance. If conquered, most Burmese would prefer to accommodate themselves to the first invader, i.e., Communist China, than seek help which would turn Burma into a battleground of foreign armies. Their attitude is, of course, conditioned in part by Burma's experience in World War II. The Burmese feel they then were helpless victims of a struggle that did not concern Burma and in which they had no say from beginning to end. Now that Burma is independent the Burmese think they may be able to avert counter-invasions if not an initial invasion.

If the United States does not propose to send armed forces to Burma in the event of an invasion by Communist China and if both the United States and the United Kingdom would be unable to give assurances in advance that they can defend Burma's independence even if Burma wants them to, we must be realistic enough to recognize the validity of this Burmese attitude, whether it is to our interest and we approve it or not, and we must see if we cannot actually derive advantage from Burma's position of neutrality, even if it is only the negative one of keeping Burma out of the Communist camp and making friends who will offer resistance to Communism if a Communist government comes to power by subversion or invasion.

It would undoubtedly be desirable to convince Burma to drop neutrality. But what are the prospects of success of efforts to persuade Burma to do so? Most officials in the Burmese Government and most of the people will remain unwilling to regard our efforts at persuasion as genuinely directed toward helping Burma as long as Burmese are in their present frame of mind of suspecting that the United States is either tacitly consenting to the activities of those who are supplying the KMT troops in Burma by not acting to prevent the Chinese Nationalist Government from directing and aiding these troops and curbing General Li Mi or is covertly contributing to the support and organization of these KMT troops. Unless the United States Government can remove these doubts and suspicions and gain the confidence of the Burmese in our good faith and integrity, they will continue to regard all our suggestions, requests, and programs in Burma with misgivings and scrutinize them for hidden motives they assume must be there.

Repercussions in area.

It is not unreasonable to suppose that until the belief that the United States is unwilling to help end the trouble caused by KMT troops in Burma is dissipated other Governments and peoples in Asia will be assailed by the same doubts as to the genuineness of our professions of desire to uphold the sovereignty of independent countries and provide them with aid without expectation of achieving a position of dominance in their internal affairs. As pointed out by the Embassy in London such doubts in the event of world war would most surely endanger the prospects of the support which the United Nations and the United States would be entitled to expect from Asian countries.

Potential usefulness of KMT troops in Burma.

As regards the potential usefulness of the KMT troops in Burma, the information in the hands of this Embassy is scanty. On the basis of the piecemeal reports that the Embassy has received, present indications are that the KMT troops in Burma would provide a very slender reed if indeed they would not turn out to be a handicap. If the events of June and July 1951 are any indication there seems little prospect that the KMT troops in Burma can move into Yunnan and conduct successful military operations against the Communists. In June they moved into Yunnan and were driven back into Burma. Fears that they would be pursued across the border into Burma by Communist troops did not materialize but there is little assurance that the same would be true if the KMT troops again cross into Yunnan and are defeated.

The manner in which the KMT troops are now regarded by the inhabitants of areas they control or have traversed into Burma suggests they might prove a handicap rather than a help. The Embassy is informed that they are not very different from bandits. There has been more than one report that they have been smuggling gold and trafficking in opium. They live and prey upon an agricultural countryside which can ill afford to support them. According to comments of the Foreign Minister and War Office officials over the past year these KMT troops are a greater source of trouble than the insurgents and efforts to keep them in check have meant diversion of forces from insurgent areas. It is highly questionable whether the United Nations could count on any military assistance or disciplined cooperation from these soldiers. The Army Attaché concurs in this view. That the KMT troops had to take refuge in Burma and have no place to go or other immediately apparent means of livelihood does not alter the fact of their lawlessness and defiance of authority. Their refusal to surrender cannot be justified by the claim that they would be ill-treated in internment camps. It is by no means certain that this would be the case.

Probable Burmese reaction to suggestion that KMT troops could be useful.

In any case, if this Embassy were to make any suggestion to the Burmese Government to the effect that these troops in Burma might be useful or should be aided, even if it is possible that the troops could be useful to Burma, the Burmese Government might well reject the idea with vehemence and conclude that our past denials of official American aid to the KMT troops in Burma were attempts at deception. Any step which has the effect of confirming suspicions of Burmese of our official involvement will tend to move Burma from its neutral stand in the direction of the Kremlin: the more so at this particular time because of absence up to now, at least in Burmese eyes, of any real evidence of aggressive intentions toward Burma on the part of Communist China.

There seem to be two impressions which, if still held, this Embassy would like to dissipate. One is that the KMT troops receive the collaboration of local officials and the welcome of the inhabitants of the area. The other is that the Burmese objections to the presence of and aid to the KMT troops arise merely from affronted susceptibilities.

The Embassy at Taipei in telegram 450 of October 3, 1951, to the Department (repeated Rangoon as No. 3)[1] reported that the Director of the East Asia Department of the Chinese Government commented that Chinese Government troops in Burma receive collaboration of local officials and the welcome of the populace. There may have been an element of truth in this in the beginning when the number of KMT troops was small and the troops had funds to pay for food and services. But it is not so now. If there is collaboration and welcome it is subservience to superior force if one may credit reports of reactions of inhabitants of the area east of the Salween from the Wa State south to Thailand. Any initial tolerance of welcome has worn more than thin. It is not merely a result of living off the land but of dislocations and disruption of authority (Embdes 690 Feb 8, 1952)[1] and the high handed attitude of General Li Mi and his troops. The Embassy has received reliable reports that the KMT troops have levied taxes in rice and money, built barracks and constructed a landing field at Li Mi's headquarters at Mong Hsat, and are requiring inhabitants to obtain passes for travel through areas they occupy.

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[1] Not printed.

As far as Burmese officials and the Burmese people are concerned the presence of the KMT troops in Burma, the difficulties these troops create, and the outside aid the troops receive have produced a reaction that is more serious than a case of wounded susceptibilities. The Government is embarrassed by non-Communist opposition groups which are able to use the difficulties caused by the KMT troops to publicize the Government's weakness. The above-ground Communist Burma Workers and Peasants Party for several months has repeated the charges that the imperialists are helping the KMT troops and has used the rumors of American aid to these troops to the best propaganda advantage. The Government believes these attacks weaken its position and is apprehensive over the effectiveness of this propaganda and the advantages which the Communists may derive from it. High officials in Rangoon, the Police, the Army and the inhabitants of the Shan State are incensed over the depredations of KMT troops, the attempts of these troops to enlist inhabitants, some of whom do so to acquire arms which they can sell after they desert (Embdes 690 February 8, 1952), the dislocations to the economy of the districts they operate in, and the defiance of existing authority. Since, rightly or wrongly, the Burmese think the United States can induce the Chinese Government at Formosa to stop helping these troops and order them to surrender, their frustration, anger and fear are given some expression in resentment at the United States. The more widespread this resentment becomes and the longer it lasts the less likelihood there is of achieving United States military as well as political objectives in Burma.

The resentment does not necessarily mean that Burmese do not sympathize with or understand our struggle against Communism. It does reveal that the Burmese are not now in a frame of mind to welcome use of Burmese soil for any sort of military operation against Communist China. About six months ago General Ne Win had an informal conversation with Colonel Davies, Army Attaché, in which the General said "I know you are not waging war on China. You are fighting the Great Bear and I am for you. But it is a dirty trick to do it on Burmese soil." A recent remark the General made to the Assistant Army Attaché, Lieutenant Colonel McGowan, showed that despite the denial of the Secretary of State he thinks the KMT troops in Burma are receiving such aid. The attitude of many Burmese Army officers has been noticeably cool towards this Embassy. There seems little doubt that not only most men in the Army but many officials and other Burmese still believe the United States is helping these KMT troops. Without some solution of the problem itself and dissipation of the belief that the United States has or is helping these KMT troops it will be most difficult to draw the best advantage from the anti-Communist sentiment which exists although it is not reflected in Burma's policy of neutrality.

The Burmese regard the law defying KMT troops in Burma and the activities of those aiding them as a violation of Burmese sovereignty. The Burmese may be wrong but they remain convinced that if the Chinese Nationalist Government stopped aiding and directing the KMT troops in Burma many of these troops would sooner or later give themselves over to the authorities and surrender their arms. They believe the United States Government can exert the influence on Taipei that is necessary to induce the authorities there to take such action. General Ne Win wants the troops to be removed from Burma. The Foreign Office sees surrender and internment as the solution more likely to prove practicable.

If it should be decided that the policy of the United States should be to aid the KMT troops in Burma, we should be ready to accept the consequences of real Burmese hostility toward the United States and a consequent weakening of the position of the present Burmese Government. To regain local prestige the Government might be forced to terminate the economic aid program and veer from its neutral path toward Peking and Moscow. It is not impossible that a pro-Communist group would overthrow the present government. The usefulness of this Embassy as anything more than a point of observation would presumably be virtually ended.

The information and cultural programs of this Embassy would probably have to be curtailed or eliminated. A continuation of efforts to convince Burma of our friendly regard and desire to strengthen its independence would probably be futile.

The Embassy believes that a solution of this problem which will convince Asian Governments that the United States actively desires to uphold and does not intend to infringe on sovereign rights of free nations in the pursuit of its policies and its political and military objectives will have greater political and military advantages than a policy of open or covert aid to KMT troops on the soil of Burma. Despite the obstacles, it is not impossible that such a solution can be found. Internment in Burma under conditions to which the KMT troops would not object and to which they might be induced to agree in advance would seem the course most likely to offer hope of success.

Summary.

In the light of the prevailing belief among Burmese that circumstances force upon them a policy of neutrality it is doubtful if efforts to persuade them that they must prepare to resist aggression will be successful. Present prevailing doubts among Burmese as to the true motives of American policy which have followed from widely believed rumors that the United States is aiding KMT troops in Burma must be removed before the United States can expect the Burmese to welcome advice or suggestions from the United States on problems of meeting the external threat of Communism. Any suggestion from the United States that the KMT troops could be put to good use if aided would confirm suspicions and give validity to the rumors of past aid. There is little assurance that the KMT troops in Burma could be of military value either to the United States or to Burma. If the United States were to extend aid to the KMT troops in Burma a strongly hostile reaction to the United States would follow and the Government, if not replaced by a pro-Communist authority, would be forced to veer from neutrality to a more pro-Communist course. To draw best advantage from the established neutral policy of Burma and the anti-Communist thinking of many influential Burmese, it will be better to satisfy the Burmese that we fully respect their country's independence than to disregard scrupulous observance of Burma's sovereignty by aiding KMT troops on Burmese soil.

Action requested: If there is no objection, please send copies to Saigon, Taipei, Bangkok, New Delhi, London, Paris.[2]

HENRY B. DAY

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[2] Copies were sent as requested.

No. 12

790B.00/2-1652: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State[1]

TOP SECRET TAIPEI, February 16, 1952—10 a. m.

1033. Heath's tel 1541, Feb 4 favoring support to anti-Commie guerrillas has my full concurrence.

In above connection I wish point out once more the common error of assuming we might thus "provoke" Commies to aggressive action they wld not otherwise undertake. This error, fostered by Commie propaganda simply plays into enemy hands by delaying or preventing effective US action while they perfect arrangements for next aggression.

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[1] Repeated to Saigon.

It is also pertinent to ask which country has accomplished more in increasing military effectiveness of its Asian allies during past two years: US or USSR.

RANKIN

No. 13

793.00/2-2952: Telegram

The Consul General at Hong Kong (McConaughy) to the Department of State[1]

TOP SECRET HONG KONG, February 29, 1952—8 p. m.

2551. Re Saigon's 1541, Feb 4 to Dept. We agree US shld support and encourage guerrilla resistance in south Chi but believe we shld avoid trying to build up milit striking force in vulnerable neighboring country as Li Mi apparently attempting in Burma. Best solution of Li problem wld be for troops to infiltrate Yunnan mountains and set up small guerrilla bases which cld be supplied from outside. Yunnanese shld be sufficiently disillusioned with Commie control by now to welcome and assist troops properly trained for collaboration with local population. Unless Li can do this he likely to do more damage than good to cause of free world. Large-scale invasion of Yunnan from Burma seems to us highly impractical in foreseeable future.

McCONAUGHY

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[1] Repeated to Saigon, London, Paris, Rangoon, New Delhi, Taipei, and Bangkok.

No. 14

Editorial Note

A memorandum for Secretary Acheson by William S. J. McWilliams, Director of the Executive Secretariat, March 3, listing subjects for the Secretary's discussion with President Truman that day, included the following item, headed "Chinese Troops in Burma": "The President spoke to you last week about this matter. We have checked . . . and within the Department. The only things we have uncovered are the piece in the black book which you have read and a telegram from London which is at Tab D. The Burma desk considers this as interesting information but not in any sense conclusive." (Secretary's Memoranda of Conversations, lot 65 D 238) The reference to the black book is not clear; the tabbed attachments were not filed with the source text. The only record of the discussion on this subject found in Department of State files is a memorandum of that date dictated by Secretary Acheson which reads as follows: "Item No. 4. Chinese Troops in Burma. I reported on the present situation. The President approved what I said." (690B.9321/3–352)

No. 15

793.00/3–752: Telegram

The Secretary of State to the Embassy in Burma[1]

SECRET WASHINGTON, March 7, 1952—5:47 p. m.

784. Deptel 631 Mar 4 to Taipei rptd Rangoon 770.[2] Emb may inform Ne Win that US sympathetic his plan repatriate KMT troops and wld be glad assist any practicable way. If officially requested by GOB Dept wld be willing use good offices submit matter Chi Govt Taipei. US Govt has no planes in area available for airlift but if plan approved in principle wld be glad investigate availability commercial planes to supplement GOB transport planes. Question expenses and other details cld be worked out between Burm and Chi Govts.

Dept believes it preferable delay informing Brit and Indian Govts until formal request recd from GOB.[3]

ACHESON

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[1] Repeated to Bangkok, Taipei, New Delhi, and London.

[2] This telegram reported that Gen. Ne Win had again approached the Army Attaché in Rangoon concerning the Nationalist troops in Burma. His new suggestion, not yet approved by the Burmese Government, was that the troops should be repatriated to Taiwan via Rangoon; he inquired whether the United States would be willing to assist with air transport and whether the Chinese Government would share expenses. The Embassy was instructed not to submit the proposal to the Chinese Government pending further instructions, which would not be sent unless the Burmese Government made an official request to the Embassy in Rangoon. (793.00/3–452)

[3] Day reported on Mar. 18 that the Army Attaché, Colonel Davies, had given the Department's answer to Ne Win on Mar. 14; the latter replied that he would notify Colonel Davies if and when the Burmese Government approved his plan. Day commented that he had informed the Foreign Office several times that the United States would be willing to approach the government at Taipei if the Burmese Government wished to have the troops repatriated via Rangoon, but he had received no indication that the Burmese Government was seriously considering this proposal. (Despatch 806; 690B.93/3–1852)

No. 16

790B.00/3-1852: Telegram

The Ambassador in India (Bowles) to the Department of State[1]

TOP SECRET NEW DELHI, March 18, 1952—8 p. m.

3382. From vantage point Delhi we are profoundly disturbed at recent suggestions US shld in one form or another be engaged in supporting guerrilla action in SEA against Commie Chi (Saigon tel 1541, Feb. 4, and Hong Kong tel 2551, Feb. 29 to Dept).

During last few weeks Nehru and other high GOI officials have shown increasing understanding US position re Commie Chi. Panikkar has been instructed to urge Chi Commies to modify their position on Korea (Embtel 3362, Mar. 18).[2] Nehru recently indicated, when questioned by press re KMT troops in Burma, he believed govt assistance was not being given by US and UK (Embdes 2088, March 3).[3]

It seems to me US assistance to guerrillas might prejudice possibility Korea truce and will surely convince Nehru there was some substance to charge US had aggressive intentions on Chi mainland, and that we are playing with fire.

I cannot believe it wld be advantageous for us to risk losing growing GOI support because of belief guerrillas might prove useful to us at some unforeseeable future date. It seems more important continue to build solid base of trust and understanding with India and other non-Communist Asian countries than to base US plans on disorganized groups Chi Nationalist troops in wilds of Burma or Yunnan.

In addition doubt will certainly be cast on honesty my repeated assurances to GOI we were not now involved in such activities. Any effectiveness I possess with GOI wld be undermined and serious questions wld be raised re US integrity.

BOWLES

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[1] Repeated to Saigon, Hong Kong, Rangoon, Taipei, London, Paris, and Bangkok.

[2] Not printed.

[3] Despatch 2088 enclosed a transcript of Prime Minister Nehru's press conference of Feb. 28. (991.61/3-352)

No. 17

790B.00/3-1952: Telegram

The Ambassador in India (Bowles) to the Department of State

TOP SECRET NEW DELHI, March 19, 1952—8 p. m.

3406. On Tuesday Mar 18 Bajpai reopened subj KMT troops North Burma and read from long reports which he had just recd from Ind Emb Rangoon and Bangkok. . . . KMT troops extremely well equipped and being constantly supplied from Thailand. With less assurance reports state several Amers said to be with troops but definitely states total of six or seven Amer natls now living Nhai Narong Hotel in Chiangmai, northern Thailand. Under orders from local police said to be exempt from registration.

Reports continue Thai Govt itself does not appear be committed but supplies to KMT escorted regularly by Thai local police under control Gen Phao.[1] Report goes on to say Gen Phao enjoys power out of all proportion his position and since police in Thailand function more or less as independent organization, Gen strong enough challenge Army chief Gen Sirith[2] and even PriMin Field Marshal Pibul himself.

Stated most important reason for police protection given by Gen Phao is his interest in opium traffic in and about area where KMT troops stationed. Stated that through his close ties with KMT Gen Phao able move opium out for sale and export through Thailand, and as long as this arrangement endures Phao not likely put any obstacle in way of supplies going through Thailand to KMT troops.

Reports conclude by saying there much talk this area of KMT excursion into Yunnan province and it assumed this is explanation for recent step-up in shipment of new supplies and equipment.

Bajpai stated with great emphasis he accepted entirely our assurances US Govt not directly involved any way and indeed anxious as Ind Govt find practical means getting KMT troops out of this explosive area.

But he pointed out Formosan Govt regardless our wishes seemed desirous stirring up trouble and thus dragging US into adventures on Chinese mainland which cld only result in all-out war with Chi and with strong possibility Sov involvement.

He stated there nothing inconsistent about his fears of what Chinese Natl Govt might be planning this area and his confidence our own integrity but he felt strongly unless we took firm and effective position with Formosan Govt situation may get beyond control.

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[1] Lt. Gen. Phao Sriyanon, Director General of the Thai Police and Deputy Minister of Interior.

[2] Gen. Sarit Thanarat, Commander in Chief of the Thai First Army.

I again told Bajpai we as anxious get KMT troops out as he that we keenly aware dangers present situation particularly in that Chi Commies might look on situation as excuse for military action North Burma.

I asked him if he had any specific suggestions on course of action which wld ease situation. Bajpai stated he had no particular answer to KMT troop problem but it clear his mind they being supplied from Formosa and certainly we must have influence with Formosan Govt.

We wld again like emphasize extreme explosiveness this situation. There have been reports here informal, unofficial and perhaps unreliable from visitors to Hong Kong and Formosa who state very dangerous situation exists and that Formosan Govt wld not be above involving US in Chinese war through this or any other means. . . . high US mil officers in Formosa operating on their own initiative and in clear violation expressed US Govt policy.

Since these rumors persist we believe some definite steps shld be taken with Chi Nationalist Govt to relieve this problem and further to clarify our position. In spite Bajpai's politeness it obvious he believes we carry at least indirect responsibility this situation.

BOWLES

No. 18

790B.00/3-1952: Telegram

The Secretary of State to the Embassy in India[1]

TOP SECRET WASHINGTON, March 25, 1952—10:08 a. m.

1992. Urtels 3382 Mar 18 and 3406 Mar 19. Deptel 1142 Feb 12 rptd Delhi 1639 in reply Saigon's 1541 Feb 4 outlined Dept attitude toward problem Chi irregular troops eastern Burm.

Dept agrees assistance to guerrillas in independent nations SEA wld have most harmful effect in our relations with those countries and with India. Dept firmly opposes any material assistance to them and has made rptd representations Taipei and Bangkok this subj.

Having in mind contents Deptel 1639 Dept suggests that in discussing subj with Bajpai you emphasize fol points:

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[1] Repeated to Saigon, Hong Kong, Rangoon, Taipei, London, Paris, and Bangkok.

1. You have been reassured fol report ur Mar 18 talk with Bajpai that rumors official Amer assistance to Chi troops entirely without foundation in fact.

2. There are numerous Amers in Thai connected with MSA and other official activities. None however is connected in any way with alleged traffic. We have done everything possible to influence Chi and Thai Govts to obtain their full coop in preventing supplies reaching troops and most reliable info available this Govt indicates no appreciable quantities arms and ammo now reaching them.

3. Dept continues study matter and will take all feasible steps toward a final solution of this serious problem.[2]

ACHESON

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[2] Bowles replied on Apr. 9 that he had already done everything possible to convince the Indian Government that the United States was not supporting the Chinese troops in Burma. Indian officials were not convinced, however, that the United States had done everything in its power to stop the Chinese Nationalist Government from supporting the troops. It was widely believed in India that some of "our people" were operating independently of stated U.S. policy. Bowles concluded with the comment: "Believe potential damage to our integrity shld be fully understood by Dept." (Telegram 3687; 790B.00/4-952)

No. 19

Editorial Note

For text of NSC 124/2, "United States Objectives and Courses of Action With Respect to Southeast Asia," June 25, 1952, which deals in part with Burma, see Part 1, page 125.

No. 20

790B.00/7-1652: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

SECRET WASHINGTON, July 23, 1952—4:41 p. m.

52. Re Rangoon's 81 Jul 16 rptd info Bangkok 7 Taipei 2.[2] Dept shares Emb's concern reports negots between KMT troops Burm and Karen insurgent group with object collaboration. Dept agrees such connection cld have serious effect on security situation Burm

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[1] Also sent to Bangkok and repeated to Rangoon.

[2] Telegram 81 stated the Embassy's concern over increasing reports of cooperation between the Nationalist troops in Burma and Karen insurgents. The Embassy believed such cooperation could cause grave deterioration in Burma's internal security and in Burmese relations with the United States, Thailand, and the Republic of China. (790B.00/7-1652)

and wld have highly adverse effect on Burm relations with US, Thai and Chi Nationalists. This wld be substantial advantage to Commie insurgents and to Chi Commies.

Emb Taipei shld summarize for FonOff substance reports reaching Dept and inquire whether FonOff has recd relevant info. After exchange info Emb shld inform FonOff that Dept views these reports with deep concern and believes that outside assistance to insurgents in Burm wld seriously jeopardize present efforts to halt Communism SEA. Dept also suggests that attn FonOff be invited to inevitable adverse reaction GOB re any developments linking Chi Govt with internal affairs Burm. Emb Bangkok shld express to FonOff Dept's concern at these reports and endeavor elicit expression of views as to action which might be taken to discourage such negots and prevent involvement KMT troops in internal affairs Burm.

Wld appreciate Bangkok's views third para reftel.[3]

ACHESON

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[3] The paragraph under reference requested an appraisal of the possibility of Thai encouragement of increased cooperation between the Chinese troops and the Karens in order to establish a buffer against a possible Chinese Communist invasion along the Thai-Burmese border. Telegram 168 from Bangkok, July 26, replied that, according to the Embassy's information, the Thai Government was not backing the Karens and was more concerned with Thailand's eastern border than with the Thai-Burmese border. The Embassy questioned the advisability of approaching the Foreign Office on a matter in which the United States appeared to have only an indirect interest. (790B.00/7-2652)

No. 21

Rangoon Embassy files, lot 57 F 108, "Amb Sebald-PM U Nu"

Memorandum of Conversation, by the Ambassador in Burma (Sebald)

SECRET RANGOON, July 25, 1952.

Subject: Call on Prime Minister U Nu[1]

Participants: Prime Minister U Nu
Ambassador W. J. Sebald

I called on Prime Minister U Nu by appointment at 4 p.m. today. After the usual preliminaries, I opened the conversation by telling the Prime Minister that I had been present at the Martyrs Day rally of last Saturday, and that I had the advantage of having U Tun Shein[2] sitting next to me, with the result that I was given a running translation of his entire speech. I congratulated the Prime Minister on a very fine speech which obviously was well received not only at the rally, but throughout Burma.

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[1] The Prime Minister had recently dropped the use of the title Thakin.

[2] Permanent Secretary of the Burmese Foreign Office.

After some further discussion of the rally, I told the Prime Minister that I was most encouraged from what I had learned during my short time in Burma, the situation appearing to be much better than I had been led to anticipate by press reports not only in the United States but elsewhere. The Prime Minister said that he felt Burma has a "bad press" and that journalists who come here report only the bad side of the picture and entirely disregard the good or progressive measures that are being accomplished by the Government. When I made a reference to possible similar misreporting in Burma of happenings in the United States, the Prime Minister replied that in his opinion USIS has done an excellent job in acquainting the Burmese people with the true American attitude toward Burma. I said that I was very gratified to learn this, as only today I read a report of what the USIS people were doing. This indicated to me that they are working very hard and with a commendable sympathetic approach toward Burma and the Burmese people. I commented that, fortunately, any assistance which we are giving to Burma has no strings attached; on reconsideration, perhaps there are two strings, (1) we must be assured that Burma wishes to receive what aid we are able to give, and (2) such aid will assist in bringing about a free, strong, and independent Burma. The Prime Minister laughed and said that those are no strings and if they are, he would gladly accept them.

The conversation then led on to the present insurgency in Burma. I remarked that it was encouraging to know that the Burmese Government is pushing its action against the insurgents during the rainy season, with a view to continuing the pressure in the dry season when the backbone of the insurgents might well be broken. The Prime Minister said that this is so but that, unfortunately, the Government had also to consider the welfare needs of the people, and that arms being so expensive it was necessary to divide the budget to provide an army to fight the insurgents and also to insure an improvement in the livelihood of the people.

I asked the Prime Minister whether he was having difficulties in obtaining arms through the British Services Mission. He recounted the difficulties in the past but was very hopeful that Air Commodore Ward,[3] upon his return from London, would be able to meet the needs of the Burmese Armed Forces. He said that Commodore Ward had gone to London especially to place the urgent need for more arms and support before the proper authorities in England. Should it transpire that sufficient arms are not forthcoming, the Prime Minister felt that it might be necessary to appeal to the United States for aid in this regard. He stressed, however, that Burma would, of course pay for any arms furnished to it: the difficulty would probably be in obtaining a U.S. permit for exportation to Burma. In any event, the Prime Minister said he would await the return of Air Commodore Ward to learn what the prospects are and, if necessary, he would again raise this subject with me at a later time.

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[3] Air Commodore E. L. S. Ward was head of the British Services Mission in Burma.

The Prime Minister explained that even if the backbone of the insurgents is broken, Burma would still not "be out of the woods". He said that he fears the probability that the insurgents, and particularly the communist elements thereof, would flee into Communist China where they would be furnished with new armament, regrouped and retrained, and would probably re-enter Burma to begin a rebellion all over again. For this reason he considers it essential that the Army be strengthened with sufficient arms to meet any threats of this kind, particularly on the China border.

A chance remark on my part regarding communist aggression in Korea led the Prime Minister to say that if the United States had not taken prompt action to send troops to Korea to stop the communist onslaught, Southeast Asia, including Burma, would have fallen prey to communist aggressors. He said that in June 1950, he and other Burmese leaders greatly feared that Burma would of its own accord go communist. As an example, he cited the breakoff of the BWPP, who, he said, split from the AFPFL in order to form a new party which would be in a position to welcome the Chinese Communists when they entered Burma. At that time he felt that it was nip-and-tuck between Southeast Asia falling to the communists and the ability of the Governments in Southeast Asia to survive.

The discussion led to international communism concerning which the Prime Minister took an entirely realistic view. He said that the pipelines of the national communist parties all lead to Moscow, and while he had no cavil with the Soviet Communist Party if it were to limit its operations to the U.S.S.R., he hates the Burmese Communists, who are stooges of Moscow and operate against the best interests of their own country. He said with vehemence that local communist parties which follow the orders of Moscow are unmoral, dishonest gangs with which there can be no compromise.

The Prime Minister was interested in and seemed to have some familiarity with my remarks concerning the French Communist Party and its shift in tactics before, during, and after the Soviet-German Non-Aggression Pact. He laughed and said that the example which I had given well illustrates the abjectness of local communist parties.

The Prime Minister said he hoped I would travel in Burma in order to see the peoples in outlying districts and specifically suggested that I might wish to go to Lashio and the Shan States. I replied that I am most anxious to do this and hoped that it would be possible at a later date. He said that it would, but suggested that the best time for travel is after the monsoon season.

On leaving, I told the Prime Minister that I hoped he would feel free to call upon me at any time when he wished to discuss matters of mutual concern. He said he would do so.

The entire interview was most cordial and the Prime Minister personally accompanied me to my car.

W.J. SEBALD

No. 22

790B.00/8–152: Telegram

The Chargé in the Republic of China (Jones) to the Department of State[1]

SECRET TAIPEI, August 1, 1952—5 p. m.

117. Re Deptel 52, July 23; Rangoon tel 81 to Dept 7 to Bangkok 2 to Taipei, July 16.[2] I have discussed subj reftel with FonMin[3] and emphasized seriousness with which US regards any developments tending to involve KMT with internal affairs Burma. FonMin appreciates that such involvement is no more to interest Chi Govt than to US or other govts concerned and promised today to take measures to prevent embarrassment to all concerned.

FonMin emphasized that Li Mi was an adventurer and difficult to control, his operations having previously resulted in considerable embarrassment to the FonOff as well as to the Chi Govt. He consequently welcomed strong US stand as lever in bringing pressure to straighten out matter.

JONES

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[1] Repeated to Rangoon, Bangkok, and Hong Kong.

[2] Telegram 81 from Rangoon is summarized in footnotes 2 and 3, Document 20.

[3] George K.C. Yeh.

No. 23

793.551/9-352: Despatch

The Ambassador in Burma (Sebald) to the Department of State

SECRET RANGOON, September 3, 1952.

No. 206

Subject: The problem of Chinese Nationalist troops in Burma

Summary

For the past three years the continued existence of bands of KMT[1] troops in Burma's northeast frontier area has been an increasing problem to the Burmese Government. For two years, at least, the conviction has been growing that the United States could and should contribute to the solution of this problem. This conviction developed into a series of charges, supported by apparently strong circumstantial evidence, that the United States was directly involved in aiding these troops on the Burma border.

The natural trade routes supplying the Shan States where the KMT troops have been based run southward into Thailand. The Shan States have traditionally been a source of opium. The KMT commanders soon become involved in the opium trade with Thailand as a source of funds. Movement of opium into Thailand, and of supplies north from Thailand has proceeded with apparent tacit approval of the Thai authorities, probably also with their connivance and to their profit. Involvement of Thai authorities, and the activities of officials of the Chinese Embassy in Bangkok on behalf of the KMT troops in Burma are common gossip in Bangkok. The visibility in Bangkok of the Taiwan connection with the KMT's in Upper Burma led Burmese authorities repeatedly to approach the United States Government with requests that pressure be brought on Taiwan to remove the KMT troops.

Any thought that the KMT troops might prove a valuable protection against possible Chinese Communist invasion through Yunnan was eliminated when, in the Spring of 1951, a force of KMT's made an excursion into Yunnan and was effectively routed, retreating again into Burma. Evidence of poor discipline, banditry, and division of loyalties among various commanders have further reduced the apparent military value of the troops and enhanced resentment against those responsible for the problem.

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[1] In the interest of brevity, the term *KMT* in this despatch is used to mean the Chinese Nationalist Government troops presently located in Burma. These are generally referred to as "KMT troops" throughout Burma and elsewhere in Southeast Asia. [Footnote in the source text.]

While evidence of direct United States involvement in supporting the KMT troops in Upper Burma remained circumstantial, it was generally accepted to the extent that denials by the American Secretary of State, the United States delegation to the United Nations, and by the Charge d'Affaires of this Embassy, while courteously received, were not believed. Observed air-drops of supplies from four-motored planes, the rumored involvement of an American company in Bangkok, a whiskey bottle discarded in Kengtung stamped "Clark Field", and persistent stories of a "Major Stewart" and another American in Monghsat were added to the conviction, general in Southeast Asia, that American policy is paramount in the decisions of the Chinese Nationalist Government. Burmese approaches to the United States Government in search of a solution were coupled with a scrupulous avoidance of public statements or action which might adversely affect United States prestige.

The opinion, generally held in Burma, that the KMT troops will be able to remain in Upper Burma only as long as the United States so desires, is an adverse factor in United States-Burmese relations which tends to undermine and lessen the favorable impact of United States policies and programs in Burma. It would appear essential that increasingly cordial and friendly relations between the United States and Burma be developed, especially as Burma is rapidly becoming a healthy member of the Asian community. A solution of the KMT problem would therefore remove one of the obstacles to this friendship.

It is known that Defense Minister U Ba Swe is presently contemplating a large-scale evacuation of the KMT's through the port of Rangoon. There are difficulties in this procedure which might prove insurmountable. An alternative would be the removal of the officer groups, following which, those remaining would, in part, be absorbed into the communities of the area which is ethnically not alien to them. A portion might continue operating as smugglers or armed bandits, in which event they would at a proper time be dealt with in a police action mopping up internal lawlessness rather than by a military campaign against Chinese nationalist troops directed and supplied from outside Burma.

While unable at this time to formulate detailed steps for solution of this problem, this Embassy suggests a number of criteria as a basis for detailed planning. In any event, it is all too apparent that American interests and prestige have been seriously affected by the presence of the KMT troops in Burma. In furtherance of United States policy in Burma and Southeast Asia, it is clear that urgent consideration of the problem is essential in order that a solution might be speedily found. *End of summary.*

[Here follows detailed discussion of the Embassy's information concerning the activities of the Nationalist troops in Burma; allegations and rumors connecting them with the Governments of the Republic of China, Thailand, and the United States; the impact of the situation on United States relations with Burma; and the possibility of a solution of the problem.]

Conclusions and recommendations

From the above, it will be apparent that in the Burmese mind a considerable amount of blame for the presence of the KMT troops in Burma attaches to the United States. It is also evident that denials by American Government representatives have to some extent had the opposite of the intended effect, and that only a complete liquidation of the problem will rid this Embassy and other American representatives in Southeast Asia and elsewhere of a serious liability in their work of carrying out American foreign policy in this part of the world.

Any solution of this problem in the implementation of which the United States might take part, however, calls for extremely deft handling to minimize the chances of our calling down upon ourselves the propaganda wrath of our evil-wishers in the event that the attempted solution should go awry. Insofar as our position in Burma is concerned, it would appear preferable to leave the problem alone rather than attempt its solution by inept measures.

Notwithstanding considerable thought which has been given to this problem, the Embassy is unable at this time to formulate detailed recommendations and steps which it feels would effectively solve the problem. It is hoped, however, that the Department will find useful the following suggested criteria and limitations within which detailed planning might be worked out:

1. In all approaches to the Government of Burma, it must be clearly understood that the problem is one for solution by the GUB. On the other hand, the US Government stands ready to lend such sympathetic assistance as might be helpful to the GUB.
2. The US Government stands ready to use its good offices with the Chinese Government to advise that Government of the GUB's suggested steps for solution of the problem.
3. In discussions with the Chinese Government, the Department might suggest, as a maximum, the repatriation with arms of *all* the KMT's; as a minimum, the repatriation of all the officers and as many men as possible, with arms. Repatriation to take place through the port of Rangoon or such other port as may be practicable.
4. The US Government stands ready to assist the GUB as may be necessary to implement any repatriation plan agreed upon, e.g., by releasing sufficient aviation gasoline to undertake an internal airlift.

5. It appears essential that the Chinese Government be made aware of the embarrassment caused to the United States by this problem; stern measures should be taken by that government against the KMT leaders in Burma. It would be a positive evidence of good faith and a distinct contribution to this Embassy's relations with the Burmese Foreign Office if we could inform them that the US Government, unsolicited, by further representations to Taipei, had achieved the removal of Dr. Ting Tso-shao[2] from Monghsat to Taiwan.

6. Every endeavor should be made to keep publicity concerning this problem or any measures taken towards its solution, to an absolute minimum. In any event, the United States' role should not be presented beyond that of being helpful to the GUB in the solution of a difficult problem which is essentially its own.

It should be abundantly clear that American prestige in Burma is vitally affected at every turn to a greater or lesser degree by this problem. It is the belief of this Embassy, a belief reinforced by the developments here in the last six months, that Burma is one of the bright spots in Southeast Asia. Despite statements of neutrality by Burmese leaders, their actions to a growing degree have indicated that Burma is on the side of the free world. We therefore believe that the United States should attempt by every possible means to develop a positive policy to aid Burma to maintain its independence and to achieve its political and economic potentialities. In many ways American programs are helping toward these goals, but as long as American words are disbelieved and American motives are suspect, our programs can never approach full effectiveness.

It being avowed American policy to aid Burma to become politically and economically independent and strong, we feel that every effort must be made to find a positive solution to the KMT problem which, more than any other, impedes our endeavors in Burma.

Action requested: Please send copies of this despatch to London, Bangkok, Saigon, Hongkong, and Taipei.[3]

W. J. SEBALD

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[2] Dr. Ting Tso-shao is described in an unprinted portion of this despatch as a Chinese civilian interned by the Burmese who had been released in August 1951 after the U.S. Embassy, at the request of the Chinese Nationalist Government, intervened in his behalf. At the time of his release, both the Embassy and the Burmese authorities understood that he would return immediately to Taiwan, but he remained in Rangoon for several months openly engaging in "pro-KMT activities" to such an extent that he was twice warned by the Burmese authorities to leave the country. At the time this despatch was written, he was in Mong Hsat.

[3] Copies were sent as requested.

No. 24

790B.00/10-1052: Telegram

The Ambassador in Burma (Sebald) to the Department of State

SECRET RANGOON, October 10, 1952—3 p. m.

583. Hope Department will carefully consider mydesp 206, Sept 3 and Taipei's desp 162, September 30[1] on problem KMT troops Burma, and adopt vigorous policy designed liquidate problem without delay. Taipei despatch underscores political dynamite in situation. Burma press continues cloud every expression US friendship Burma with reference KMT problem and question why US does not help solve it. In conversation with Brigadier Blake, Commander North Burma Army, during my recent visit Mandalay, former expressed serious concern continued presence KMT in view necessity devote much needed Burma Army reserve cover KMT thus weakening force available fight Commie insurgents. He also fears public pressure may force Burma Army undertake full-scale operations against KMT to detriment liquidation insurgency.

SEBALD

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[1] Not printed. (690B.9321/9-3051)

No. 25

790B.5/10-2252: Telegram

The Ambassador in Burma (Sebald) to the Department of State

TOP SECRET PRIORITY RANGOON, October 22, 1952—5 p. m.

658. Ref USAIRA 090540Z and ALUSNA 200350Z Oct.[1]

Reftels clearly indicate growing impatience of GUB and particularly defense officials with what to them appears dragging of feet by BSM and lack of forthrightness in supply of needed arms and munitions. Review of recent file this subj will I believe lend substance to Burm sensibilities and suggest possibility Brit policy purposely makes available just enough equipment to keep Burma campaign moving but not enough to create risk capture important quantities by possible aggressor. (We are not of course informed of Brit supply position or capability meet Burm requests.)

There also appears growing appreciation on part responsible Burmese offs of mil, econ and polit strength of US (in contrast with relative mil and econ weakness UK which they note itself being assisted by US) and ability US furnish large quantities arms and munitions not only NATO countries but Far Eastern countries as well. Believe also Burmese inclined feel they are not being adequately supported by UK although they realize aid from US as alternative source circumscribed by certain and to them onerous polit conditions. PriMin U Nu recently remarked Burma wld be happy obtain by purchase (at reasonable price) even small fraction of what being furnished by US to other countries. Ne Win mission[2] clearly indicative GUB exploring possible advantages reliance on US rather than UK for mil assistance.

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[1] Neither printed.

If pacification Burma and especially battle against local Commies is to succeed and if defense forces are to be strengthened to point where it wld be possible Burma conduct delaying action against Chi Commie overt or concealed aggression it appears essential that UK and BSM as operating agency must be awakened to need adopting more realistic policy designed meet needs and aspirations GUB. My fear is Brit are treading too softly and moving too slowly when in SEA time is of essence and GUB determination defend themselves against aggression and discernible swing towards free world sorely need encouragement. Burmese are increasingly becoming aware constructive nature US policies toward Asia in gen and Burma in particular but conversely are also hoping US will implement its word by deeds. I am convinced Burmese leaders themselves have no illusions unrealistic nature their "neutral" policy but without practical assurances from free world (to them meaning US) are unable or unwilling take risk openly leaning too far in our direction.

Above highlights dilemma Burmese break with BSM wld pose for US. Unless Burma cld be assured alternative (or secondary) source munitions supply it must perforce continue present arrangement which to GUB is unsatisfactory, frustrating and parsimonious. Further continuation this situation might conceivably have effect encouraging Burma seek polit accommodation with Commie China in hope thereby lessening possibility aggression.

I am not of course advocating that US take over primary responsibility for Burma from UK (mytel 237 Aug 14)[3] and hope that Dept will make clear to Ne Win that UK under existing agreements has primary responsibility for military assistance Burma. At same time Dept may wish take advantage presence Ne Win informally explore some of these problems as basis for formulation realistic policy toward assisting GUB in its struggle maintain itself as independent country.

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[2] A military mission headed by Lt. Gen. Ne Win was in the United States to observe U.S. military organization, training, and equipment and to explore the possibility of arms procurement; see Document 27.

[3] Telegram 237 recommended that the United States, without attempting to take over British responsibilities for military training and assistance, should supplement British aid to Burma in coordination with the United Kingdom. (490B.118/8-1452)

SEBALD

No. 26

Editorial Note

During a visit to Formosa between October 30 and November 4, Assistant Secretary of State for Far Eastern Affairs John M. Allison met with Generalissimo Chiang Kai-shek, President of the Republic of China. No memorandum of the conversation has been found in Department of State files, but despatch 617 from Taipei, May 21, 1953, which summarizes developments during the preceding 3 years regarding the Nationalist troops in Burma, describes the portion of the conversation concerning this subject as follows:

> "Assistant Secretary Allison discussed the Li Mi question with President Chiang during the former's visit to Formosa at the end of October 1952. The President brought the subject up with a request for aid for these troops, and appeared very much opposed to any plan for evacuating them. Mr. Allison expressed the view that whatever value these troops may have had in the past, it was apparent that they were now a liability to the anti-Communist cause and a disruptive factor in Southeast Asia, and that an effort should be made to withdraw them from Burma. President Chiang emphatically disagreed." (690B.9321/5-2153)

No. 27

790B.5811/11-352: Telegram

The Acting Secretary of State to the Embassy in Burma[1]

SECRET WASHINGTON, November 6, 1952—11:28 a. m.

664. Re London's 2573 Nov 3 rptd Rangoon 25.[2] Ne Win left New York 6 p. m. Nov 4, via Paris not London according understanding Def. Only official contact with Dept was protocol visit to Acting Asst Secy where procurement not mentioned. In Def subj was limited to broad exploratory discussions informal equipment list Ne Win had submitted which included items classed by Def not higher

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[1] Repeated to London.

[2] Not printed.

than restricted. He was given memo with overall cost and availability, by categories to avoid itemizing before governmental agreements concluded. Def told him these data based on current situation and subj to change, impressed on him govts must conclude agreement before details cld be furnished. Ne Win seemed content and understood procedure, spoke of working out details if and when govts agreed. Def again made point US in no way competing with UK; our main interest was to give info helpful for Burm equipment problem.

Cordial understanding prevailed throughout interview. Ne Win expressed great appreciation his treatment on visits to mil training institutions, said he wld like train some officers here in future but realized more background necessary before his men equipped receive such training as Fort Benning. Army officer present at talk speculates Ne Win might make request for training in future, might even angle for visit some US officers Burma, but no concrete discussions either training or procurement this trip.

Army considers visit Ne Win great success with trips to West Point, Benning, Leavenworth and calls on Lovett,[3] Bradley[4] and chiefs of services.

Others of mission expecting remain US until latter Nov.

In pursuance cooperation with UK Govt you may inform Brit Emb and BSM Rangoon and London may inform FonOff, pointing out Ne Win has made no specific request.

BRUCE

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[3] Robert A. Lovett, Secretary of Defense.

[4] General of the Army Omar N. Bradley, Chairman of the Joint Chiefs of Staff.

No. 28

690B.9321/11-1852

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Under Secretary of State (Bruce)[1]

TOP SECRET [WASHINGTON,] November 18, 1952.

Subject: KMT Troops in Burma

Problem

To remove or at least alleviate the threat to Burmese stability resulting from the presence on Burmese territory of KMT troops driven from China by the Chinese Communists.

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[1] The source text, sent to Bruce via Deputy Under Secretary H. Freeman Matthews, bears Bruce's notation, "OK DB."

Discussion

The KMT troops have been in the Burmese Province of Kengtung since early 1949, and are now reported to be extending their area of operations to the north and south of that region. A portion of them was engaged in a highly unsuccessful operation into Yunnan in 1951. Their potential usefulness for anti-Communist activities has been demonstrated to be very slight, and is becoming less and less as time goes on. At the same time they are in constant communication with the Chinese Nationalist Government and with certain elements in Thailand. This communication, involving the violation of the Burmese frontier, results in the furnishing of arms, supplies and leaders and consequently in strengthening the KMT forces and in augmenting their power to injure the Burmese Government and flout its authority. Moreover, the troops are becoming more and more of a burden on the population of the localities in question, where they live largely off the countryside.

Their presence thus constitutes a source of deep concern to the Burmese and their Government, which finds them a real and pressing danger to the political stability of the country and a constant invitation to Red Chinese intervention. Frequent emphatic reports from Burma underscore the political dynamite in the situation, and it is feared that public pressure may force the Burmese army to undertake full-scale operations against the KMT. Aside from the unfortunate repercussions which such operations would bring about, the Burmese armed forces have their hands full with their own native insurgents and are in no position to move against the KMT troops. It will be recalled that in the UN General Assembly in Paris in 1951, Vishinsky accused the United States of aiding the KMT troops in Burma.

For two years, at least, the conviction has been growing in Burma that the United States could and should contribute to the solution of the problem, and the Burmese authorities have repeatedly approached our Embassy in Rangoon with requests that pressure be brought upon the Taipei Government to cease supplying the troops and to order them to leave Burma. There has been a good deal of talk in the Burmese press and elsewhere concerning alleged support of the KMT activities by U.S. citizens, unofficial and otherwise. As Ambassador Sebald in Rangoon has pointed out, the Burmese press continues to cloud every expression of U.S.-Burmese friendship with references to the KMT problem and questions as to why the U.S. does not help to solve it. The pressure of Burmese opinion, official and public, is becoming almost unbearable in this respect.

When Deputy Secretary of Defense Foster recently called on the Burmese Defense Minister Ba Swe,[2] the latter advanced the presence of the KMT troops as one of Burma's principal problems which, he said, resulted in a constant invitation to Chinese Communist troops to invade Burma. Ba Swe estimated the hardcore strength of KMT troops at only about 2,000 who could be repatriated, if not through Thailand, then through Burma internally by air and thence by ship. He suggested that the KMT might "surrender" to neutral officers—for example, to Americans—and lay down their arms for the duration of the repatriation only, the arms to be returned to them on shipboard after leaving Burma. In commenting on Ba Swe's proposal, our Embassy in Rangoon remarked that the figure of 2,000 appeared on the low side, although the Minister may have been speaking only of officers and NCO's. Our Embassy added that such a surrender to "neutral officers" might offer a possible solution to the dilemma—assuming Taipei would agree to give the necessary orders and the KMT would obey; and that if they should refuse to carry out such orders, the only alternative would appear to be a complete disavowal by the Taipei Government of its troops in Burma.

The Defense Minister has been active, more or less on his own account, in seeking a solution to the problem through repatriation, and he has made use of . . . as liaison with General Li Mi. (To date . . . has had no success; it has been reported that he met with Li Mi at Chiengmai in Thailand but that Li Mi flatly refused to consider repatriation through Rangoon.) Moreover, the Supreme Commander of Burma's armed forces indicated some time ago that he would be glad to see the KMT repatriated through Rangoon, and their arms returned on shipboard. On the other hand Burma's Prime Minister, U Nu, has announced publicly that repatriation is not in question and that the Burmese military will shortly move against the KMT.

Whether or not United States representations and/or action would at this juncture be successful in actually removing the troops, it is imperative in the interests of preserving our good relations with Burma that we convince the Burmese Government, once and for all, that we are not responsible for the presence of the KMT on their territory and that we have done everything in our power to help eliminate them. Even though action along the lines suggested in enclosure no. 1[3] might be unacceptable to either Taipei or the Burmese, our interests will have been served if such positive action is taken.

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[2] Deputy Secretary of Defense William C. Foster visited Rangoon in the course of a trip through various countries in the Far East; his conversation with U Ba Swe was reported in telegram 732 from Rangoon, Nov. 3. (102.202/11-352)

Recommendations

I am sending official-informal letters to the Ambassador in Rangoon, and the Chargé in Taipei[4] asking them to report as soon as possible, preferably by telegram, their comments and reactions to (1) the proposed plan for transporting the KMT troops in Burma to Formosa attached hereto as enclosure no. 1; (2) the draft of a proposed telegram from the Department to the Embassy in Taipei attached as enclosure no. 2.[5]

It is recommended that

1. The Bureau of Far Eastern Affairs be authorized to approach the Central Intelligence Agency to determine its reactions to the proposed plan and seek the full concurrence and cooperation of that agency . . . provided there is general agreement that such a plan should be put into effect.[6]

It would be anticipated that after the reactions of the Chargé at Taipei, the Ambassador at Rangoon . . . have been obtained, the Department of State would discuss the matter with the Joint Chiefs of Staff and seek their concurrence in the execution of the proposed plan outlined in enclosure no. 1 as modified in the light of the comments received. Further recommendations in this regard would be submitted at that time

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[3] Enclosure 1, "Outline of Steps To Be Taken to Transport to Formosa Chinese Nationalist Troops in Kengtung," not printed, sets forth a plan under which the United States would act as an intermediary between the Chinese Nationalist Government and the Burmese Government to secure their agreement and to organize the evacuation of the Nationalist troops from Burma to Formosa via Rangoon.

[4] Allison's letters to Sebald, Nov. 24, and to Rankin, Nov. 25, are not printed.

[5] Not sent; not printed.

[6] A memorandum of Nov. 13 by Bruce states that, at a meeting of the Psychological Strategy Board that day, the Director of Central Intelligence, Walter Bedell Smith, indicated that he "wished to have the State Department agree to the evacuation of the Li Mi contingents from Burma." The memorandum notes that Bruce discussed the subject later that day with U. Alexis Johnson, Deputy Assistant Secretary for Far Eastern Affairs, who informed him that arrangements had been under way for some time. (100.4 PSB/11-1352)

No. 29

790B.00/12-1852

Memorandum of Conversation, by the Ambassador in Burma (Sebald)

SECRET RANGOON, December 18, 1952.

Subject: Burmese Arms Procurement; KMT Problem.

Participants: Lieutenant General Ne Win
Ambassador Sebald

In a private conversation after luncheon at the Embassy Residence today, General Ne Win said that he had several matters which he wished to discuss with me.

(1) *Arms Procurement*. General Ne Win said that when he was in Washington, he had promised General Olmsted[1] a letter, setting forth Burma's arms requirements, within two weeks after his arrival in Rangoon, but that various circumstances, including the absence of the Prime Minister from Rangoon and his own subsequent travels, had made a decision on this question impractical, and that he had not yet written the promised letter. However, in the meantime, some doubt had arisen in governmental circles, and in his own mind, concerning the advisability of making a request for arms procurement from the United States at this time. These doubts rested upon the fear that the new Administration[2] in Washington might adopt a different attitude toward Burma, and that any Burmese request, if denied, could give rise to serious repercussions among some members of the Government. He said that he did not wish to make a request to the United States for arms procurement unless he could be assured in advance that the request would be granted.

I said that, while I could not, of course, speak for the new Administration, which had not yet taken office, and that anything which I might say would therefore be based upon my own analysis of the situation, I felt that it was public knowledge that the Republican Party and its leaders had stated that they would give much greater attention to the problems of Asia than had hitherto been the case. In any event, I had reason to believe that the United States Government as at present constituted, would most probably look with favor upon a request by Burma for arms procurement, provided the conditions of the relevant legislation were met. I also doubted very much that the new Administration under President

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[1] Maj. Gen. George H. Olmsted, Director of the Office of Military Assistance, Department of Defense.

[2] Dwight D. Eisenhower was inaugurated as President on Jan. 20, 1953.

Eisenhower would act differently. However, in order to guard against the possibility of a refusal, it might be well if an informal approach were made by the GUB to the Embassy to ascertain in advance what the reaction of the United States Government would be to a specific request for arms procurement. Such request should include a list of the items which are desired, and a timetable of such requirements. I stressed, however, the necessity that the GUB consult with the British Services Mission in advance, so that we might be assured that the British are aware of what is being done. I felt sure that he understood that our relations with Britain are very close and the we all must of necessity be above-board and work together in transactions of this kind. General Ne Win said that he had already consulted with the British and felt sure that they understood the situation.

I told General Ne Win that I had heard that he was considering renewing the agreement with the BSM[3] for another five years. He said that no decision had been reached in this regard, but that some decision must, of course, be made prior to January 31, 1953, when the present agreement expires. He related some difficulties which have recently arisen between officers of his staff and some of the British officers—difficulties which he attributed largely to personality clashes. He said that several British officers were attempting to use the recently reestablished good relations between the British and Burmese for bargaining purposes to "feather their own nests". He is presently studying these problems in conjunction with Air Commodore Ward.

(2) *KMT Problem.* General Ne Win briefly traced some of the difficulties which have recently arisen out of the KMT problem, such as the capture of a Chinese Communist officer; the defection of several hundred KMT's to the Communists, and their advance southward almost as far as Tavoy, where, it appears, an effort is perhaps being made to join up with the Communists in Malaya; and, information to the effect that some twelve KMT officers had been instructed to return to Taipei, thus leaving their subcommands without direction.

I said that I was, of course fully aware of the dangerous potentialities of the KMT problem and hoped that we could be of some help in suggesting a solution. I intimated that we were thinking about ways and means to resolve this problem, but it appeared to us that the crux of the problem lies in an answer to the question whether the KMT's would carry out orders given to them by Taipei. Should the answer be in the affirmative, I wondered whether the GUB would agree to allow the KMT's to pass through Burmese territory to be placed on shipboard either at Rangoon or some other port. General Ne Win replied that there would be no question but that such permission would be granted, and further, that the KMT's arms would be returned to them. I said that we would further consider the problem, and if we could discover any practical way in which we might be of help, I would let him know through the Foreign Office.

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[3] Reference is to the Defense Agreement between Burma and the United Kingdom, signed Aug. 29, 1947, or the Freeman-Let Ya Agreement. The text is printed as an annex to the treaty between Burma and the United Kingdom recognizing Burma's independence, signed Oct. 17, 1947; see 70 UNTS 183.

General Ne Win spoke at some length concerning the danger that the Chinese Communists might use the presence of the KMT's in Burma to infiltrate their own operatives and troops into Burma. He spoke of Naw Seng, a Kachin leader, who is presently in China near the Burma border with some three hundred troops. Should Naw Seng and his followers enter Burma, he felt certain that the morale of the Communists in Burma would be raised to a considerable extent, and that this would raise further difficulties. He also said that it is presently necessary to deploy at least six battalions of troops to watch the KMT's. He is also under considerable pressure to use a greater portion of his Army to drive out the KMT troops.

General Ne Win mentioned Singh (concerning whom *The Nation* had recently published an account). He said that his intelligence had known of Singh for about two years. He is from Manipur and maintains close connections with the Indian Communist Party as well as with the Chinese Communists.

W.J. SEBALD

No. 30

690B.9321/12-852

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Under Secretary of State (Bruce)[1]

TOP SECRET

WASHINGTON, January 9, 1953.

Subject: KMT Troops in Burma

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[1] The memorandum was routed via Deputy Under Secretary Matthews. It was apparently not forwarded to Bruce, but was returned to Allison with an attached memorandum of Jan. 22, from Frederick E. Nolting, Jr., Special Assistant to the Deputy Under Secretary, which reads as follows:

"Mr. Matthews agrees with the conclusions and recommendations of the attached paper. He feels, however, that probably the best and quickest way to get Defense

Continued

A. Initial Steps to Seek Solution of Problem

The problem and reasons why it is desirable for the United States Government to try to assist in bringing about a solution were discussed in my memorandum of December 18 (tab 1).[2] The preliminary outline of proposed steps by which the departure of these troops from Burma might be brought about has been revised to take into account the possibility of evacuation via Thailand as an alternative to the original suggestion that the troops be transported from Kengtung to Rangoon by air. This revised outline is attached as part of tab 1.[3]

The initial reactions of the CIA and of the Ambassadors at Rangoon and Bangkok and the Chargé at Taipei have been obtained. They concur in the desirability of an effort to help bring about the departure of these troops from Burma and their transportation to Formosa.

B. Discussion

1. *American Interest*

The KMT troops in Burma were presumably regarded at one time as of potential value either as the nucleus of a guerrilla force which could move into and operate in China or as a bastion of defense against a southward advance of Communist Chinese into Southeast Asia. As events have turned out, there is no indication that these troops will ever move into China for guerrilla warfare against Communist forces or even return to their homes. When they did attempt to move into China they were driven out. As regards their value as a defensive force they are in conflict with the authorities of the country they occupy and there is reason to believe that now they are of less military value to the free world as a support to regional defense than the regularly organized Burmese Army with which the KMT troops in Burma are bound to be in conflict as long as they remain on Burmese territory. The matter is therefore believed to concern an over-all regional interest as well as the relations of the United States with Burma.

2. *Recent Aggravation of the Problem*

Department concurrence is via General Magruder who, I believe, is familiar with the problem and who may decide that it is not necessary to take the matter up with the JCS. If I can be of help in taking the matter up with General Magruder, please let me know.

". . . General Smith has been informed that such a plan exists, but he has not concurred in the plan itself.

"We agree that the plan to evacuate the KTM troops through Thailand is the more feasible of the two possibilities, and assume that we will press first for this solution."

Walter Bedell Smith was the Director of Central Intelligence.

[2] Reference is to Document 28.

[3] Not printed.

The above ground Communist opposition in Burma has made sedulous use of the KMT situation to heckle the Government. The free press has continued to focus a spotlight on what has become a running sore until public opinion is being brought to a boiling point against the affront to Burma's sovereignty. Unless it soon appears that some thing is being done public pressure may goad the Burmese military into undertaking a large-scale offensive against the Chinese Nationalist troops in Burma. This the Burmese have naturally been reluctant to do because available troops are needed for fighting the local Communist and other insurgents.

A recent increase in KMT activity, bringing with it an intensified interest on the part of the Burmese press, has given rise to a spate of reporting on the situation. It appears certain that the Chinese Nationalists have indeed been more active in the last few months than they had for some time before. In early December the Supreme Commander of Burma's armed forces expressed concern over a report that 300-500 Chinese Nationalists had switched allegiance to the Communists and were moving into the southerly peninsula of the Tavoy-Mergui area, with the possible aim of seeking contact with Malayan Communist elements. Other reports reached the Burmese War Office of suspected infiltration of KMT ranks by Chinese Communist officers in the Shan States. Reports continued to point up the insolent behavior of the KMT elements in the area of Kengtung. One press story claimed that about 500 Chinese Nationalist troops had moved into the seat of local government in the Shan state of Monghsu (about 90 miles WNW of Kengtung) and had occupied the ruling Sawbwa's official residence and taken over the tax functions. The Burmese War Office confirmed this report and admitted the local Sawbwa was bringing pressure on the Burmese Government to divert troops to the area to drive the KMT out. Ne Win has recently informed our Army Attaché that additional KMT troops have reached Burma through Thailand.

The danger of an alliance between elements of the KMT and the Karens has by no means subsided according to recent reports. . . . the KMT activities of the past 60 days may force a radical change in the deployment of Burmese troops in an attempt to avert the possibility of a KMT-Karen alliance.

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4. *Reactions of the Ambassador at Rangoon and Chargé at Taipei*

Ambassador Sebald telegraphed on December 8 (tab 3)[4] that the Embassy agreed fully with the plan in substance and that details of a plan that would offer prospects of a practical solution could be worked out after receipt of a definite instruction. Mr. Rankin telegraphed on December 11 (tab 4)[5] saying that he was sending comments by mail and suggesting that the matter be discussed with Foreign Minister Yeh, if possible.

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[4] Telegram 952 from Rangoon, Dec. 8, 1952, not printed.

Mr. Rankin's letter of December 18 (tab 5)[6] concurred in the desirability of a practical plan but raised several points requiring careful thought and planning. He also enumerated certain difficulties to be overcome. He felt that Chiang Kai-shek would not agree to the plan unless satisfied that it had the backing of the new U.S. Administration and said that a direct request to Chiang to order his troops out of Burma would risk almost certain refusal unless the ground were carefully prepared in advance. Mr. Rankin recommended careful investigation of how the plan would be financed and urged study of whether evacuation of 2,000 or 3,000, which would be only a portion of the total, would be worthwhile. He recommended evacuation via Thailand, if possible, pointing out that transportation southward from Kengtung to Bangkok would be much simpler than southwest from Kengtung to Rangoon over mountain ranges.

Mr. Rankin expressed the belief that some of the Chinese military on Formosa would object on the ground that the KMT troops in Burma had great potential defense value and together with guerrillas in South China were in fact now tying down two Chinese Communist armies in Yunnan. Other Chinese authorities, who have given up cherished projects in the interest of achieving a balanced budget, would oppose expenditures on a repatriation project which was of less concern to them than projects they had given up. We would have to anticipate the possibility that the Chinese Government would claim that it did not have control over KMT troops in Burma and that General Li Mi himself controlled only a portion of them.

Mr. Rankin wrote that he was convinced that in order to induce the Chinese troops in Burma to obey an order to leave Burma it would be necessary to make a lump sum payment to each officer and man.

5. *Reaction of Ambassador at Bangkok*

No copy of the outline of a proposed plan for removing the KMT troops from Burma via Rangoon has been sent to the Ambassador at Bangkok but after . . . expressed the opinion that evacuation via Thailand was not out of the question the Department telegraphed the Ambassador at Bangkok (tab 6)[7] for his reaction. On

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[5] Telegram 610 from Taipei, Dec. 11, 1952, not printed.

[6] Letter to Assistant Secretary Allison, Dec. 18, 1952, not printed.

[7] Telegram 1084 to Bangkok, Dec. 8, 1952, not printed.

December 9, Mr. Stanton telegraphed (tab 7)[8] that he had not discussed the matter with the Prime Minister for a long time but thought the Prime Minister and Cabinet could be persuaded to agree to transportation of the troops via Thailand provided the KMT troops were willing to surrender their arms at the border. Mr. Stanton has reported in the same sense as Mr. Rankin (tab 8)[9] that he is certain that a cash sum payment or subsidy would be paid to each soldier in order to induce the men to leave Burma.

C. Conclusions

The previously prepared outline of proposed steps has been modified to provide for the possibility of moving the troops out of Burma to Thailand and from Bangkok to Formosa by Chinese Nationalist vessel. It is not believed necessary to work out in detail a plan of action for evacuation via Thailand at this time. The original proposals have been amended (tab 1) to provide that if Chiang Kai-shek agrees to the plan and Li Mi's cooperation is assured, the Burmese Government will be informed that the U.S. Government is prepared to associate itself with the Chinese Nationalist Government on Formosa in asking the Government of Thailand whether it would be prepared to allow evacuation via Thailand and, if so, under what conditions. The Burmese Government might be asked if it would be willing to associate itself with this move by making inquiry on the subject through its Embassy in Bangkok. If the Thai Government should agree to evacuation via Thailand the troops could move southward by foot to Chiengmai and by rail from Chiengmai to Bangkok. No airlift would be necessary and the extent of assistance required from the Department of Defense would be less than if evacuation were to be via Rangoon. Evacuation via Thailand would have the further advantage of permitting direct contact between the Chinese Nationalist troops and Chinese Nationalist representatives in Thailand and direct communication regarding the progress of evacuation between the Thai Government and the Government on Formosa. . . .

With regard to Mr. Rankin's query as to whether evacuation of 2,000 to 3,000 would be worthwhile it is believed that if the United States can help arrange the departure of even a smaller number of the KMT troops in Burma the action will redound to the benefit of the United States. In preparatory steps to secure President Chiang's agreement to order the KMT troops out of Burma it is recognized that one obstacle is that mentioned by Mr. Rankin in his letter of December 18, namely, that some of President Chiang's military advisers will maintain that the KMT troops in Burma are of greater potential usefulness where they are than they would have to be in Formosa.

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[8] Telegram 1044 from Bangkok, Dec. 9, 1952, not printed.

[9] Telegram 980 from Bangkok, Nov. 29, 1952, not printed.

Both Mr. Rankin and Mr. Stanton have expressed the opinion that some form of lump-sum payment would have to be made to the soldiers in order to induce them to obey orders to leave Burma. While it is not absolutely certain that it would be necessary to make such payments the possibility of this being necessary requires consideration of whether there are political or other objections to making such payments and, if not, how the necessary funds are to be obtained and disbursed. It may be assumed that no such payment to any individual soldier would be made until after he had laid down his arms and agreed to submit to the authorities directing the departure of soldiers from Burma. It may be assumed also that in order to provide the inducement, if payments are necessary, the KMT troops would have to be given some promise of payment so that they would know that they may expect to receive a payment if they lay down their arms.

If evacuation is to be via Rangoon, aircraft must be obtained for an airlift from Kengtung to Rangoon. Travel on foot from Kengtung to Rangoon is probably not practicable. The question of availability of such aircraft is a matter which should be discussed with the Department of Defense with a view to determining whether U.S. military aircraft could be used and, if so, under what conditions and in what quantity. Even if evacuation is to be via Thailand full concurrence of the Department of Defense is desirable in view of various military considerations involved in these proposals.

D. Recommendations

It is recommended that the proposal that a plan be worked out for removal of the KMT troops from Burma be taken up with the JCS with a view to securing their approval and that if they concur the Department proceed to hold discussions with such officials of the Department of Defense as may be designated for the purpose by the JCS.

. . . .

If there is full agreement between the Department of State . . . and the Department of Defense, it is recommended that appropriate instructions be sent to the Embassies at Taipei, Rangoon and Bangkok and that the Chargé d'Affaires in Taipei be instructed to make the initial approach to Chiang Kai-shek that will be necessary to carry out the first step in the proposed plan of action.

No. 31

690B.9321/1-1653: Telegram

The Ambassador in Burma (Sebald) to the Department of State

TOP SECRET RANGOON, January 16, 1953—11 a. m.

1283. . . . KMT problem is beginning have repercussions broader in scope than mere military dilemma. Foreign Minister[1] also told me KMT problem is getting completely out of hand, intimated GUB seriously concerned. Hope Department will speedily urge course of action all interested parties in endeavor assist GUB find practical solution.

SEBALD

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[1] Sao Hkun Hkio.

No. 32

690B.9321/1-3053: Telegram

The Acting Secretary of State to the Embassy in the Republic of China[1]

TOP SECRET WASHINGTON, January 30, 1953—7:49 p. m.

524. Eyes only Mission Chiefs. In light recent reports from Rangoon, Dept convinced that despite disadvantage direct US involvement, US Govt must make vigorous attempt eliminate explosive situation resulting presence Chinese Nationalist troops in Burma. To accomplish this objective following course of action has been decided upon, after consultation with Defense . . . .

1. After appropriate groundwork you are to seek interview with Pres Chiang and convey to him strong view US Govt that activities of Chinese Nationalist troops in Burma constitute serious threat to security and a disruptive influence not only in Burma but throughout Southeast Asia; that while US Govt understands and sympathizes with Chinese Govt desire to support Chi peoples' resistance to Commie oppression on mainland, it cannot condone activities Chi troops in Burma which are being carried on at expense security free nations and which in any event are not contributing tangibly to such resistance; that US Govt therefore most anxious that steps be taken terminate activities Chi Natl troops on Burma soil and permit troops return Taiwan; and that to this end, knowing

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[1] Repeated to Rangoon and Bangkok.

that Pres Chiang fully shares its desire to strengthen sovereignty of newly independent states and support measures for stability necessary for evolution independent states in area, US Govt desires make proposals for solution of problem.

2. In conversation with President Chiang you may inform him general nature proposals under consideration which now envisage evacuation via Thailand in preference Rangoon. Steps suggested if Chiang agrees to plan in principle are summarized below.

a. Chiang to inform Li Mi of plan and obtain all information necessary assure maximum compliance orders to troops.

b. Emb Rangoon to inform Burmese Govt Chiang willing order KMT troops leave Burma and US Govt prepared use good offices facilitate arrangements transportation to Formosa. If reaction favorable Emb Rangoon to seek Burmese concurrence evacuation via Thailand or failing that via Rangoon.

c. If Burmese Govt agrees Thai route US Emb Bangkok to make informal approach to Thai Govt. If prospects favorable formal request to be made by Chinese Nationalist Govt.

d. If Thai Govt unwilling, means by which US and Chi Nationalist Govt could assist in evacuation via Rangoon to be discussed with Burmese and Chinese Nationalist Govt.

e. Details of evacuation scheme to be worked out by Burmese, Chi Nationalist and Thai Govts with US assistance.

f. On completion detailed arrangements Pres Chiang to direct General Li Mi to order his troops to report to designated place and lay down their arms after which troops to be given full instructions arrangements departure Burma.

g. If leaving via Thailand troops would travel overland by road and rail; if via Rangoon airlift may be necessary but possibility using US aircraft must not be mentioned in discussions owing uncertainty availability. Chinese Nationalist Govt would be expected furnish sea transport from Bangkok or Rangoon.

3. Dept hopes preliminary steps recognized as necessary in preparation for interview will not entail very long delay and Pres Chiang can be persuaded to agree to plan at least in principle. This agreement appears necessary before answers can be sought to such questions as how operation is to be financed and transportation provided. Question of disposition of arms of KMT troops recognized as one on which US Govt might have to seek solution acceptable authorities and troops.

4. Outline of proposed steps being airmailed.

5. Interested agencies concur foregoing plan and appropriate instructions being sent . . . to assure full coordination all action taken pursuance these instructions. Defense requests you inform Army Attaché . . . .

MATTHEWS

No. 33

611.90/2-353: Telegram

The Acting Secretary of State to the Embassy in the Republic of China[1]

SECRET WASHINGTON, February 3, 1953—5:37 p. m.

533. In course of conversation on another matter with Ambassador Koo[2] on Feb 3, Assistant Secretary Allison drew Ambassador's attention to following paragraphs Associated Press story datelined Taipei concerning reactions on Formosa to change in 7th Fleet mission:[3]

> "The new United States policy toward Formosa is expected to step up Nationalist raids on the mainland of Red China and may permit an airlift of men and material to Chinese Nationalist forces clinging to a foothold in the Burma border region.
>
> "The policy switch would permit reinforcement and supply of Gen. Li Mi's 10,000 to 15,000 troops who have held out on the Burma border area of southwest China since the collapse of Nationalist armies on the mainland in late 1949."

Pointing out undesirability linking change in 7th Fleet mission with Chinese Nationalist troops in Burma, Allison expressed concern that such story should originate Taipei and asked Ambassador convey his Government our hope speculation this kind could be avoided. Allison took opportunity explain to Ambassador danger to security Burma and threat free world cause Southeast Asia arising from activities Chinese troops Burma and our serious doubts they effective anti-Communist force. He expressed US hope that some plan could be worked out with Chinese and Burmese Governments remove troops from Burma.

Ambassador indicated he would pass these views his Government, although stated he did not believe press story originated official sources but merely represented press speculation.

MATTHEWS

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[1] Repeated to Rangoon.

[2] Chinese Ambassador to the United States.

[3] President Eisenhower announced in his State of the Union message to Congress on Feb. 2 that he was issuing instructions "that the Seventh Fleet no longer be employed to shield Communist China." For text of the message, see Department of State *Bulletin*, Feb. 9, 1953, pp. 207–211.

No. 34

690B.9321/2-453: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

TOP SECRET RANGOON, February 4, 1953—1 p. m.

1428. Called on Foreign Minister today at latter's request. Foreign Minister said his government increasingly concerned over depredations KMT troops Burma, number of clashes with GUB troops, effect upon operations against Commie insurgents which GUB desired give priority, and growing indications KMT's assisting KNDOs and other insurgents by exchanging arms for food. Stated serious consideration had again been given taking up matter in UN, but after consultation with Prime Minister had been agreed approach should be made through me to US Government for assistance. Additionally, Foreign Minister stated GUB concerned that Red China might take action against KMTs in Burma as diversion resulting from Formosa deneutralization order, basing his reasoning on possibility Red China would contend KMTs in Burma are under orders launch attack against Red China in coordination with threatened attacks against mainland. Foreign Minister then stated he was instructed request me ascertain whether US Government would assist GUB in finding solution this problem.

I reassured Foreign Minister in accordance substance last paragraph Deptel 1110, January 21[2] and suggested patience for while longer in hope practical means can be found for attempted solution KMT problem.

Foreign Minister also asked reasons for Seventh Fleet order. I referred to President's State of Union address which clearly gives reasons and reiterated absurdity of employing US Navy protect known aggressor.

SEBALD

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[1] Repeated to Taipei by the Department.

[2] Telegram 1110 authorized the Ambassador, at his discretion, to inform the Burmese authorities that the United States was more concerned than ever over the problem created by the presence of the Nationalist troops in Burma and was "actively studying means by which it might contribute to positive steps for early solution." (690B.9321/1-2153)

No. 35

690B.9321/2-1353: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

TOP SECRET PRIORITY RANGOON, February 13, 1953—5 p. m.

1525. Reference Joint Weeka number 7 (mytel 1518, Feb 13)[2] and previous communications on subject KMT Burma. I hope Dept appreciate that continued delay in proposing solution this problem to GUB is fraught with serious danger our relations with Burma. Two weeks have now passed since Dept's instruction of Taipei (Deptel 1170, Jan 30)[3] and I have yet to be informed concerning progress if any being made in approach to Chiang or given instructions to proceed with plan. I cannot in good conscience follow delaying tactics much longer without undermining good faith not only myself and Embassy but also Dept and US Govt.

Alsop story (Deptel 1257, Feb 12)[4] has added further fuel to fire and without doubt will give powerful additional ammunition vocal and aggressive opposition parties aided and abetted by Chinese and Soviet Embassies and Commie propaganda.

I cannot stress too strongly the danger which KMT problem poses to US-Burma relations. I am convinced that further delay will seriously jeopardize these relations which are the result of careful nursing demonstration of integrity and understanding consideration of Burma's difficulties.

It would help me considerably in my dealings with GUB if Dept could apprise me of present status negotiations so that I can tailor my response accordingly.[5]

SEBALD

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[1] Repeated to Taipei by the Department.

[2] Telegram 1518, one of a series of weekly summaries of political, military, and economic developments, reported that clashes between the Nationalist troops and Burmese forces were increasing and were linked in the public mind with President Eisenhower's Seventh Fleet announcement. The Burmese War Office reported the capture of U.S.-manufactured arms and equipment, and the Embassy's formerly cordial relations with members of the War Office staff had greatly deteriorated. (790B.00(W)/2-1353)

[3] Printed as Document 32.

[4] Telegram 1257 summarized a report in a Feb. 11 newspaper column by Joseph and Stewart Alsop that in the summer of 1951 Li Mi's troops had attempted to invade Yunnan with CIA assistance. (690B.9321/2-1253)

[5] Telegram 842 from Taipei, Feb. 14, reported that Rankin had taken up the question with the Chinese authorities and had found several leading figures in the government sympathetic to the U.S. viewpoint, but a decision was delayed by the absence of President Chiang, who was in Kaohsiung. (690B.9321/2-1453) This telegram was repeated to Rangoon, and telegram 1284 to Rangoon, Feb. 16, authorized Sebald to inform the Burmese Foreign Office that Rankin was discussing the matter with the authorities in Taipei on a high priority basis. (690B.9321/2-1453)

No. 36

690B.9321/2-1653: Telegram

The Secretary of State to the Embassy in the Republic of China

TOP SECRET WASHINGTON, February 19, 1953—7:29 p. m.
PRIORITY

597. ReEmbtel 846.[1] Situation northern Burma deteriorating so rapidly that it does not admit of further delay. If the Generalissimo has not yet returned Taipei you should proceed by air immediately to Kaohsiung to obtain immediate issuance orders by him to Li Mi along lines proposed Deptel 524 Jan. 30. These orders should provide for quickest possible implementation. If Generalissimo should argue that he is not in position issue explicit orders until personal consultation with Li Mi after latter's arrival Formosa, you are to state that too much is at stake to permit such delay. Dept. wishes to impress upon you that exigencies of situation can be met only by immediate issuance unequivocal orders. Therefore on assumption Thai agreement which is believed likely, Chinese Govt. should make immediate plans for prompt despatch of shipping which it will be important be available at Thai port on arrival troops.

Rinden[2] authorized accompany you as your interpreter to Kaohsiung at your discretion.

DULLES

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[1] Dated Feb. 16; it reported that Chiang was still at Kaohsiung and planned to reserve decision on the troops in Burma until he could discuss the matter with Li Mi, whom he was summoning to Taipei for consultation. (690B.9321/2-1653)

[2] Robert W. Rinden, First Secretary of Embassy in Taipei.

No. 37

INR-NIE files[1]

National Intelligence Estimate[2]

SECRET
NIE-74

[WASHINGTON,] 20 February 1953.

PROBABLE DEVELOPMENTS IN BURMA THROUGH 1953[3]

THE PROBLEM

To estimate probable developments in Burma through 1953, and Communist intentions and capabilities with respect to Burma during that period.

CONCLUSIONS

1. Internal security and economic conditions have improved in Burma during the past year. The prospects through 1953 are for a slight improvement in internal security and economic and political stability.

2. Communist and other insurgent groups still dominate numerous areas of Burma, and have the capability of conducting guerrilla raids in many parts of the country.

3. The Burmese Government's progress in reducing the Communist insurgents is impeded by the necessity of stationing troops to contain the former Chinese Nationalist troops in northeastern Burma. The government also fears that the presence of these troops, which have made forays into Yunnan, may provide a pretext for Chinese Communist intervention in Burma. Finally, the presence of these troops complicates Burmese relations with the US and its relationship with the West in the UN because many

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[1] Files of National Intelligence Estimates, Special Estimates, and Special National Intelligence Estimates, retained by the Directorate for Regional Research, Bureau of Intelligence and Research.

[2] National Intelligence Estimates (NIEs) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems. NIEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the Central Intelligence Agency (CIA), approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of NIEs.

[3] According to a note on the cover sheet, "The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. All members of the Intelligence Advisory Committee concurred in this estimate on 12 February 1953."

Burmese Government leaders believe that these troops are indirectly supported by the US.

4. There is little prospect that the government can achieve either a military decision over the Karen insurgents or a political settlement with Karen leaders during the period of this estimate. Full-scale military cooperation between the Karen insurgents and the former Chinese Nationalist forces in Burma would seriously weaken the government's capability of dealing with insurgency throughout Burma. The likelihood of such a development cannot be estimated with confidence. However, we believe that the apparent divergence of ultimate purposes between these groups would make full-scale military cooperation against the Government of Burma unlikely during the period of this estimate.

5. Present Chinese Communist assistance to the Burmese Communists appears to be very slight. There is no evidence that the Chinese Communists have begun a program of equipping the Burmese Communist guerrillas. However, the Chinese Communists have the capability of providing them with extensive military aid.

6. If an extensive program of Chinese Communist military aid were initiated in the near future, the Burmese Communist guerrillas could undertake offensive operations to expand their territory in 1953 but would probably not be able to seize control of a substantial amount of additional territory during the period of this estimate. A continuing program of extensive Chinese Communist aid might, in the longer run, pose a serious threat to the government's position.

7. We believe that the Chinese Communists are unlikely to exercise their capability to invade Burma during 1953.

8. The Burmese Communists will probably emphasize political tactics during 1953 while continuing guerrilla operations and maintaining a hard-core guerrilla force for expanded operations at some future date.

9. Assuming no substantial shift in the East-West power balance in Asia, the Burmese Government will probably continue through 1953 its efforts to maintain "normal" relations with Communist China and to maintain neutrality in the East-West struggle. However, Burma will probably continue to accept the assistance of the West in strengthening its armed forces and its economy.

[Here follows the "Discussion" portion of the paper comprising paragraphs 10–38.]

No. 38

690B.9321/2-2253: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State

TOP SECRET PRIORITY TAIPEI, February 22, 1953—3 p. m.

878. In response instructions reported my telegram 846, February 16,[1] Li Mi was expected return Formosa yesterday. Bad flying weather delayed travel but he telegraphed General Chou[2] he would come by first available plane.

Complying Department telegram 597, February 19, I flew to Kaohsiung yesterday with Wang Shih-chieh[3] and Ewing.[4] Talked with President Chiang one hour yesterday afternoon and again at dinner last night. After citing various hostile acts allegedly committed by Nationalist troops and evidences Communist infiltration into their ranks as reported from Rangoon, I conveyed contents Department telegram 597 almost textually to Chiang. (Method evacuating troops suggested Department telegram 524, January 30, previously communicated to President and General Chou through Foreign Minister.)

Chiang replied to points raised Department telegram 597 substantially as follows:

1. We are asking him do the impossible in expecting issuance immediate unqualified orders for withdrawal without knowing whether such withdrawal practicable. He was referring to unknown attitude of Burmese and Thai Governments and to his limited authority over Nationalist "guerrillas" in Burma including even Li Mi. He would not issue such orders unless he believed they could be carried out.
2. Withdrawal of Li Mi forces would be painful, particularly because of effect on Yunnan people who look to Li Mi for eventual salvation.
3. Retreat of this kind at present time was contrary to Free Chinese policy and presumably to that of new US administration which seeks resume initiative.
4. Removal of Li Mi and perhaps 2,000 men under his immediate authority would not help situation in North Burma, since such control as Li Mi able exert over additional 10,000 loosely organized guerrillas would end and Communists left free field.
5. Chiang does not believe most stories circulating re misbehavior Nationalist forces in Burma. He suspects these reports are stimulated by British and others to make trouble between US and Chi-

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[1] See footnote 1, Document 36.

[2] Lt. Gen. Chou Chih-jou, Chief of General Staff, Chinese Armed Forces.

[3] Wang Shih-chieh, Secretary-General, Office of the President.

[4] Richard T. Ewing, Second Secretary of Embassy in Taipei.

nese Nationalist Governments and to cover up troubles for which Chinese Nationalist troops under Li Mi not responsible.

6. He has sent for Li Mi urgently and is convinced no decisions should be made prior latter's arrival in Formosa.

I replied along following lines:

1. Li Mi recognizes only President Chiang as his superior and whatever authority exists is therefore in his hands.
2. I realized only limited number of men could be evacuated but that it was important to disassociate Chinese Nationalist Government much as possible from situation in North Burma which now apparently developing to advantage only of Communists.
3. If Li Mi forces were actually in Yunnan situation would be different, but they reportedly are in Burma much nearer Thailand than Yunnan frontier and not even in "undefined" border area between Burma and Yunnan. Troops are in territory of country with which US maintains friendly relations and which we hope can be weaned away from Communist influences.
4. This was first important request to Chinese Government from new US administration, and even if Chiang convinced he was right and we wrong I considered it would be wise for him to yield.
5. He had made incidental reference possible "insistence" on part of US. I remarked that character of my instructions was distinctly one of insistence.

Chiang responded that he would give us an answer but could not do so before he saw Li Mi.

Later in evening Chiang told me he was considering counter proposals which would satisfy Burmese. I said I would transmit any such proposals.

Comment: I believe case has been put to Chiang as strongly as possible with material at my disposal. Although this matter has been at issue between US and Chinese Government for at least three years, during which time our policy has varied considerably more than that of Chinese Government, this Embassy has never been kept informed officially of real facts. We have had to proceed on basis of instructions which were at times almost incomprehensible, of reports from Chinese sources and from accidental American contacts plus scattered and often doubtful information relayed from Rangoon and elsewhere. There must be available to the US Government reliable information as to the true facts which we should have in presenting our case.

Li Mi of course denies that his troops have taken food without payment, or have operated with Karens against Burmese forces, or have committed other hostile acts which unconfirmed reports from Rangoon allege. He would say that these are either propaganda or the work of elements which would contrive to operate in such manner or worse if his troops withdrawn. All of this not germane to principle involved but does affect questions of urgency and procedure.

I shall continue follow matter urgently with Chinese Government.

RANKIN

No. 39

690B.9321/2-2253: Telegram

The Secretary of State to the Embassy in the Republic of China

TOP SECRET
PRIORITY

WASHINGTON, February 24, 1953—7:54 p. m.

616. Limited distribution. Your telegram 878.[1] Continue press matter urgently. In so doing, following points should be stressed:

1. Emphasize that request by this Government for Chinese Govt. cooperation this matter is not inconsistent with policy of seizing initiative against Communism. US policy does not envisage undermining authority friendly, non-Communist Government such as Burmese.

2. There has recently been marked increase in number verified hostile acts by Chinese troops against Burmese. Whereas previously such incidents more or less isolated as these troops appeared avoid contact Burmese armed forces, since December their policy seems to have shifted in direction of taking offensive against Burmese.

3. Concerning reliability reports that these troops have been concentrating efforts against Burmese rather than against Communists, while allowing for certain exaggerations in Burmese press, Department has sufficient information from reliable sources to be convinced that attacks against Burmese are in fact going on. Essential veracity these reports confirmed by Burmese War Office, and other official sources as well as by private American citizens in area involved, and accepted by our Embassy in Rangoon.

4. Hostile acts against Burmese towns and army units have effect of diverting Burmese troops from fighting Burmese Communist insurgents, thus weakening Burmese efforts against our common enemy and presenting painful spectacle of troops two countries which should be concentrating on mission fighting Communists fighting each other instead.

5. United States cannot believe free Chinese policy supports hostile acts against non-Communist Govt in utter disregard its sover-

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[1] *Supra.*

eignty. Moreover US does not see how troops engaged in marauding acts deep within Burma are providing effective support Yunnanese resistance against Communists and thus fails to see how withdrawal these troops from Burma would significantly weaken such resistance.

6. US objective Burma is to restore stability which indispensable if that country is to be prevented from falling victim to Communist imperialism. While presumably objective Chinese troops in Burma has been to bolster resistance people of Yunnan to Communism, an objective with which US fully sympathizes, facts as available to US Govt demonstrate that these troops have not accomplished this objective but have succeeded only in seriously threatening stability Burma. Thus whatever original merits of Chinese troops mission, seriously deteriorating situation Burma now calls for immediate remedial action.

7. To this end necessary obtain firm assurance from Chiang now that he will issue evacuation orders once arrangements have been worked out with Burmese and Thai Governments (re Burmese attitude see Rangoon's 1572, February 19,[2] being repeated Taipei 609). Only with such assurance can Burmese and Thai Governments be approached with specific proposals.

8. Importance Chiang's cooperation in implementing evacuation proposals does not hinge on number troops evacuated but on evidence such cooperation will supply to Burmese and Thai Governments that Chinese Government recognizes untenable position of Chinese troops Burma is threat to stability and security of area and will do its best to remedy situation. Concrete evidence this attitude should be demonstrated by:

(a) Immediate orders directing troops cease attacks against Burmese targets;
(b) Agreeing evacuate as many troops as possible;
(c) Preventing further supplies reaching troops from outside Burma.

Necessity that Chiang take action this matter rendered more imperative by strong possibility Burmese Government will bring matter before this General Assembly (Rangoon's 1572) unless there is some immediate evidence of positive corrective action.

DULLES

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[2] Not printed. (690B.9321/2-1953)

No. 40

690B.9321/2-2653: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

TOP SECRET WASHINGTON, February 27, 1953—3:23 p. m.

628. Reur 889.[2] Department repeating to you Rangoon's 1620 February 26[3] concerning possibility Burmese Government raising KMT problem in UN. You will note Sebald states KMT problem creating situation which might force reorganization Burmese Government and bring about coalition with Communists. Such eventuality would be most serious and real setback efforts United States persuade Burmese Government remain side free world. Department believes matter such urgency question whether or not reported attacks in Burma all by KMT troops as suggested last paragraph your 889[4] you should not defer action. As long any organized KMT group remains Burma it will be possible for Commie elements there put pressure on Burmese Government and whether or not KMT troops behave themselves beside point. Possible use by Commies of KMT cover as reported reftel reinforces necessity early withdrawal of latter.

It in highest United States interest we be able inform Burmese Government officially at early date Generalissimo has agreed to removal KMT troops from Burma and that practical steps being taken implement this. When can such an official statement be made?

DULLES

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[1] Drafted by Assistant Secretary Allison; repeated to Rangoon.

[2] Telegram 889 from Taipei, Feb. 26, reported that Foreign Minister Yeh told Rankin that Chiang had assigned him and Chou Chih-jou to work out a plan for Li Mi to satisfy the United States and Burma. Yeh asked Rankin if it would help if Li Mi concentrated his forces in Mong Hsat and stayed there until a settlement was reached. (690B.9321/2-2653)

[3] Telegram 1620 reported that Prime Minister Nu told the British Ambassador that his forthcoming public statement on the KMT problem would commit the Burmese Government to raise the matter in the United Nations; Nu stated that the issue might bring down his government unless it acted quickly. (690B.9321/2-2653) Sebald reported in telegram 1629, Feb. 27, that Foreign Minister Sao Hkun Hkio informed him that Nu would announce Burma's intention to raise the issue in the United Nations in a statement to Parliament on Mar. 2. (690B.9321/2-2753) The text of the Prime Minister's statement is in Burma Ministry of Information, *Kuomintang Aggression Against Burma* (Rangoon, 1953).

[4] In the paragraph under reference, Rankin stated that, according to Chinese reports from Li Mi's headquarters, some of the alleged Nationalist attacks on Burmese forces had in fact been made by Chinese Communist troops or by irregular bands over which Li Mi had no control. In addition, Burmese troops had "harassed" Chinese Nationalist supply teams. (690B.9321/2-2653)

No. 41

690B.9321/3-353: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State

TOP SECRET PRIORITY TAIPEI, March 3, 1953—7 p. m.

912. Conferred with General Li Mi three hours last night with Foreign Minister Yeh acting as interpreter. Army Attaché Colonel Lattin and Colonel I Fu-de[1] also present. Lattin made extensive notes and will airmail detailed report.[2]

Li Mi said he has 26,000 troops of whom best 14,000 located east of Salween including less than 2,000 with whom he retreated from Yunnan summer of 1950. Others came out with him after abortive 1951 incursion into Yunnan. He is now receiving subsidy from Chinese Government of 200,000 Thai ticals monthly. Last payment of US $25,000 from other sources received last July. About 50 radio operators and other technicians sent to him from Formosa by air in 1951; since then no reinforcements or replacements received from anywhere although occasional stragglers or refugees join his forces. Only supplies sent to him from Formosa for more than one year came by PBYs of local Foshing Airline which land at Mong Hsat. They must carry fuel for return trip and "pay load" is only about 1 ton for each of 21 trips made to date. Usually consists largely of medical supplies and communications equipment.

Contrary to reports from Rangoon, Li Mi insisted he had not ordered attacks on Burmese. His standing orders from Generalissimo forbid it and he not only has no desire make such attacks but no purpose doing so. Recent clashes, which he indicates have been grossly exaggerated began last summer after return of Burmese mission from Peking. Reversing previous custom of avoiding contact, Burmese began harassing Chinese Nationalist Forces, especially ambushing small unarmed groups and in one case turning over 100 captives to Chinese Communists for slaughter. His forces being guerrillas and under loose discipline occasionally got out of hand and retaliated but this small scale and against his orders.

Li Mi said only about 1,000 Burmese troops east of Salween. They are deployed along East-West Road; he could wipe them out anytime but had no desire do so. General Li gave detailed order of battle in Burma using large-scale maps showing positions and strength throughout country of forces of Burmese Government, red flag, white flag, Karens, Chinese Nationalists, etc., emphasizing that Burmese held chiefly main lines of communications ("where they could protect British interests"). He evidently considers position of Burmese Government virtually hopeless vis-à-vis Communists and in fact believes Thakin Nu Communist sympathizer. Withdrawal or dissolution of Chinese Nationalist guerrilla forces would remove last serious obstacle to Communist take-over in Li's opinion.

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[1] Col. I Fu-de, Military Secretary to the Chief of Staff, Ministry of National Defense, Republic of China.

[2] The report by Col. John H. Lattin, Mar. 10, was sent to the Department of the Army and forwarded to the Department of State with a covering memorandum of Apr. 3. (690B.9321/4-353)

I reviewed to General Li instructions received from Department and already transmitted to Generalissimo. He replied it useless to order his forces out of Burma except for return to Yunnan to fight; they would not understand and would not obey. Particularly since outside aid reduced to trickle (which "would not support 20,000 chickens") his men forced fend for themselves. Some work for Karens, many are farming, large proportion either have families with them from Yunnan or have set up households with native women; Formosa is to them foreign land of which they as Yunnanese know nothing. They want to stay where they are until they can return home. In fact he believed his forces could survive as guerrillas even if Communists should overrun southeast Asia. He had told Generalissimo all this and said he would not transmit orders to evacuate since he knew it to be useless.

Looking at order of battle on map, Foreign Minister remarked Chinese Nationalist and Burmese forces so disposed there seemed no reason for them to clash; also that only sizable anti-Communist forces anywhere near most of Yunnan border were Chinese Nationalists and their withdrawal would leave it wide open.

In conclusion General Li urged sending American observers to obtain true picture. Possibility their being accompanied by official Burmese observer was discussed and Li Mi had no objection. (This later cleared with President Chiang who would welcome such American inspection with Burmese observer attached.)

RANKIN

No. 42

690B.9321/3-453: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

TOP SECRET NIACT WASHINGTON, March 4, 1953—11:15 a. m.

654. Department has thoroughly considered factors brought out your 912[2] and 913.[3] Certain information contained those messages at variance with other information available to this Government. While Department realizes rights in this case are not wholly on one side nevertheless it has determined that on balance over-all US interests are better served if Chinese Government issues orders to Li Mi to evacuate Burma and that these orders be made public.

If this done at once Department will make every effort persuade Burmese Government not bring matter up in UN and will, if you believe helpful, issue statement commending action Chinese Government and expressing willingness US Government help in any way possible in implementing instructions issued by Chinese Government.

Department's position based on firm conviction that one of most effective methods of encouraging Burmese Government to continue resist communist infiltration is to remove any possible cause for Burmese claim US action or lack thereof has contributed to its difficulties and made it more difficult for Government Burma fight communism. In this connection Burmese Prime Minister March 2 informed visiting US writer,[4] among other things, that "Failure US disavow KMT and move effectively to halt KMT depredations will result in loss of Burma to free world, since continuation present situation will alienate people of Burma and undermine present government." Department remains opinion expressed previously that retention Chinese Nationalist guerrilla forces in Burma, rather than constituting serious obstacle to Communist takeover, would in fact be probable cause such takeover by making possible subversion present non-Communist Burmese Government.

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[1] Drafted by Allison and cleared with Walter Bedell Smith, Under Secretary of State, among others. Henry B. Day, Deputy Director of the Office of Philippine and Southeast Asian Affairs, wrote on Mar. 25, to R. Austin Acly, First Secretary of Embassy in Rangoon, that "a great deal of the telegraphing back and forth between here and Taipei has been handled directly by Mr. Allison, sometimes under direct instruction and guidance of General Smith." (Rangoon Post files, lot 56 F 193)

[2] *Supra.*

[3] In telegram 913, Mar. 4, Rankin commented that Li Mi's presentation, as far as the Embassy was able to judge, was substantially factual, and he reported that Yeh told him if the matter was brought up formally in the United Nations, his government would have no alternative to disavowing the troops in Burma and making a "full and frank" statement disclosing "chaotic conditions" in Burma. Rankin requested that the Department review items a, b, and c and the subsequent paragraph at the end of telegram 616 to Taipei (Document 39) in light of Li Mi's statement and Yeh's remarks. (690B.9321/3-453)

[4] Nu's comments in the interview were reported in telegram 1664 from Rangoon, Mar. 3. (611.90B/3-353)

You are therefore instructed carry out at once Department's previous instructions and obtain Chinese Government agreement to points a, b and c Department's 616. If this action to be effective with respect preventing matter from being taken up in detail in UN it must be taken at once and you should therefore impress upon Chinese Government urgent desire US Government in this respect.

DULLES

No. 43

690B.9321/3-653: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

TOP SECRET PRIORITY WASHINGTON, March 6, 1953—7:29 p. m.

671. Re your 934.[2] Chinese Ambassador called in by Under Secretary Smith this afternoon and told that after thorough study of whole problem of KMT troops in Burma it had been determined that on balance most acceptable solution of problem is for Chinese Government to agree at once that troops should be ordered out of Burma. Under Secretary informed Koo that this matter had been discussed with President and Secretary and that it was desire of US Government that Chinese take necessary action as soon as possible. It was pointed out that it would be futile for US to make further representations to Burmese Government to keep matter out of UN unless it could inform latter officially at least that Chinese had agreed in principle to removal of troops. If this agreement in principle can be communicated to Burmese, US will make strongest efforts to get them to postpone presentation of matter to UN and will announce its willingness to assist in all proper manner to implement Chinese decision.

Under Secretary also emphasized that it was most reasonable for Generalissimo to want to concentrate his forces on Formosa. Koo was informed that US would be willing to make representations to

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[1] Drafted by Allison and cleared with Under Secretary Smith; repeated to Rangoon.

[2] Telegram 934 from Taipei, Mar. 6, reported that Yeh saw Chiang and was drafting a statement on the subject of the troops in Burma which he proposed to give to Rankin orally; the telegram listed the major points to be included in the statement. For a summary of the oral statement, see footnote 1, *infra*.

Burmese Government to the end that troops in Burma would be given safe conduct out of country and that if it should not prove possible or desirable to bring all their equipment with them it might be that equivalent equipment could be provided upon their arrival in Formosa.

Koo was told that Burmese Ambassador to US, who has been ordered back to Rangoon to discuss problem of presenting matter to UN, would visit Department afternoon March 9 and it would be most helpful if prior to his visit Chinese Government had agreed in principle to US request. In such case Department would make strenuous efforts to get Burmese Ambassador to recommend that his Government not proceed with matter in UN. The US would use its good offices with Burmese Government to negotiate agreement on how troops can be removed safely. Ambassador was also told in strict confidence that if necessary US Government could probably obtain some funds for assistance in providing shipping to take troops back to Formosa.

You should approach Foreign Minister along similar lines to the above and urge speedy action. If Chinese will agree in principle to removal of troops and to US making this known officially to Burmese Government, request comments of Taipei and Rangoon on possible formation joint Burmese-Chinese-US commission which could negotiate matter and if necessary visit territory where troops are to determine what most practicable steps would be. US recognizes that implementation of any such agreement would take considerable time but is convinced that unless some definite action is taken Burmese cannot be persuaded to keep matter out of UN.

DULLES

No. 44

690B.9321/3-953: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State

TOP SECRET PRIORITY TAIPEI, March 9, 1953—7 p. m.

941. Foreign Minister received lengthy telegram yesterday from Ambassador Koo re his talk March 6 with Under Secretary Smith on Chinese troops in Burma. Meanwhile, I had already given For-

eign Minister substance Deptel 671, March 6, which received after his oral statement (mytel 936, March 8).[1]

General Chou Chih-jou and Foreign Minister expect see Generalissimo together sometime today and will let me know result. I hazard guess they may come up with new attempt meet Department's request for withdrawal order, although this may not materialize today. Chinese Government might approve formation joint Chinese-US-Burmese body to visit territory and report on number Chinese troops practicable to evacuate and how this could be done. Chinese Government might then agree to such removal to extent which had been found practicable. Note distinction between advance agreement to removal in principle and practical agreement after feasibility determined.

This general subject extensively covered in telegraphic exchanges recent weeks but several aspects have been treated only by implication or incidentally. May be useful outline here some of less tangible points which particularly disturb Chinese Government and therefore influence official thinking here:

1. Chinese do not believe Burmese intend bring matter before UNO but are threatening do so simply to influence US.
2. For Generalissimo to issue withdrawal order to troops in Burma would reverse official position Chinese believe they have followed quite consistently past three years. While avoiding any open repudiation of Li Mi and his forces, they maintained latter not under effective control of Chinese Government (high Chinese official recently described this to me as "85 percent true.") They have preferred keep situation rather fluid in hope exploiting it when opportunity arose.
3. Failure any appreciable number troops to obey Generalissimo's withdrawal order would involve serious loss of face for latter both throughout free world and in mainland China.
4. Chinese regard US thinking as short term, having in mind fluctuations of US policy re China in general and Burma-Yunnan area in particular. They envisage situation developing next six months or year when US would welcome opportunity to support Li Mi in invasion of Yunnan as part of some coordinated plan. Chi-

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[1] Telegram 936 reported the text of the oral statement which the Foreign Minister handed to Howard P. Jones, Counselor of Embassy, on Mar. 7 It stated that Li Mi agreed that a factfinding mission of U.S. officers, including non-Communist Burmese members and accompanied by Li Mi himself, should visit his troops in Burma to determine the practicality of withdrawing them. While this was under discussion, the Chinese Government undertook to persuade Li Mi to confine his troops where they were deployed and to refrain from taking any offensive action against Burmese Government troops. In addition, the Chinese Government declared it would suspend its monthly subsidy to Li Mi for the purchase of medical supplies, it would do its best to stop the raising of private funds for the purpose of supplying Li's troops, and it would give no clearance to any further flights to the area where the troops were based from any airfield on Taiwan. (690B.9321/3-853)

nese Government would like keep his forces in being and maintain some influence over them for such eventuality.

5. Chinese do not regard invasion of Yunnan in light mentioned second paragraph Deptel 663, March 5.[2] They refer to us favoring such action in 1951 and maintain inadequate arms primary cause failure that summer.

6. While not wishing raise matter formally at this time, Chinese look upon Burmese claims to some of affected territory as ill-founded while much of remainder they regard as regions to which Burma has not particular right on basis either population or effective control. In short they look upon it at present as kind of no-man's land.

7. Chinese appear convinced present agitation started and maintained by Communists for own purposes, probably looking to deal with Burma Government which might involve entry of Communists into government and/or joint military action of Burma Government and Communists against Chinese and other elements, followed by complete Red takeover when various anti-Communist elements brought under control.

We have no satisfactory means here in Taipei of evaluating considerations such as foregoing. However, it may now be appropriate revive Sebald's proposal (Rangoon's 879 to Department Nov 26)[3] for meeting in Bangkok. I am ready to go there or elsewhere any time Department considers such gathering useful.

RANKIN

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[2] Telegram 663 replied to telegram 919 from Taipei, Mar. 5, which reported the position the Chinese planned to take if Burma raised the issue in the United Nations, including the statement that the Chinese Government had repeatedly instructed the troops in Burma to return to Yunnan. (690B.9321/3-553) Telegram 663 commented that this statement "while perhaps true would be regarded as ludicrous in view fact Chinese Government exercises no authority in Yunnan. In fact when KMT troops did attempt return to Yunnan they were completely routed by Chinese Communists." (690B.9321/3553)

[3] Telegram 879 proposed a meeting between Sebald, Rankin, and Stanton to explore possibilities of dealing with the problem of the Nationalist troops in Burma and to recommend action for the Department's consideration. (690B.9321/11-2652) Since the Department of State had already initiated action on the subject, the meeting did not take place.

No. 45

790B.5/3-1053: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, March 10, 1953—2 p. m.

1726. ARMATT[2] today sent GEL number 114 to Defense[3] re informal approach by Burmese War Office for procurement arms, matériel and equipment in US as reimbursable aid. In view British attitude as expressed London's 2687, November 8[4] to Department believe matter must be discussed with British before action taken. However, Burmese War Office has specifically requested British not be informed until list in final form. This desire apparently predicated on belief GUB that British would in initial stages again cause undue delays by procrastination and vague promises. We also sense GUB desire disentangle itself from sole dependence upon British for arms procurement, War Office belief that official delivery completed list would present British with *fait accompli,* and genuine desire General Ne Win and others draw closer to US. We believe Defense Minister and Ne Win are convinced US will help in this instance, and that failure procure what is desired on reimbursable basis would have serious deleterious effect upon growing friendship with US to complete exclusion Soviet bloc. We therefore hope problem of British can be successfully bridged and Burmese request filled. (See also mytel 658, October 22)

In order keep record straight, however, and subject Department's approval, we propose tell British Rangoon on most confidential basis that GUB has requested assistance in preparing list urgently needed items for procurement US, that it may be necessary bring officer Burma assist in formulation such list, but that no final action will be taken on completed list until discussed with British.

SEBALD

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[1] Repeated to London by the Department.

[2] Col. William F. Curren, Jr.

[3] Not printed.

[4] Telegram 2687 transmitted the British view that wherever the United Kingdom could supply the Burmese armed forces with matériel and training, it should, in the interest of standardization and efficiency, continue to do so and that any Burmese request to the United States along those lines should be discussed with the United Kingdom before action was taken. (790B.5811/11-852)

No. 46

690B.9321/3-1053: Telegram

The Acting Secretary of State to the Embassy in Burma

TOP SECRET WASHINGTON, March 10, 1953—6:50 p. m.

1423. Allison informed Barrington as follows March 9:

1. Chinese Nationalist Govt has agreed take further steps prevent attacks on Burmese and stop transport supplies to troops from Formosa.

2. Chinese Nationalist Govt proposes joint Burmese-Chinese-United States group to study practicability evacuation but has not clearly agreed take requisite action if group and other governments agree evacuation is feasible.

3. US Govt pressing Chinese Nationalist Govt for early decision and definite statement which can be conveyed Burmese Government.

4. Re plan GOB place matter before UN Allison expressed our interest in procedure and questioned what might be gained pointing out possible disadvantages summarized below:

a. Placing item on agenda would give Soviets opportunity exploit;

b. There might be allegations which debate would publicize that Burma unable control internal affairs;

c. Communist China might feel compelled intervene claiming right self defense if public airing of question engages its prestige;

d. Solutions suggested by UN members might be of nature delay or complicate remedial action or be unpalatable to GOB. Desirability of Subcommittee of Peace Observation Commission might be raised;

e. Consideration should be given what effect public reaction to UN discussions would have at this stage on ability US Govt be helpful;

f. Burma might be maneuvered in UN departure from neutrality to position on side Soviet bloc.

Barrington will presumably discuss these matters with GOB on his return Rangoon next week and anticipates talks with you. If situation requires you may inform Foreign Minister such portion of foregoing as believe helpful.

For your information Barrington said situation past point where GOB could simply send letter to Secretary General and he would have to ask place matter on agenda or make statement in UN unless something happened permit GOB abandon plan bring matter to UN altogether.

Barrington is calling on Under Secretary today.

SMITH

No. 47

690B.9321/3-1253: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State

TOP SECRET TAIPEI, March 12, 1953—6 p. m.

956. Saw Foreign Minister again today after receipt Department's telegram 688 March 11[1] regarding troops in Burma. His opinion remains that Chinese Government cannot announce agreement in principle to action President Chiang and others consider impracticable. Also that until exact composition and voting procedure of investigatory body determined Chinese Government cannot agree abide by its findings. However Foreign Minister will again discuss Department's position with Chiang.

Recent press despatches from Rangoon apparently confirmed Foreign Minister's expectation that advance commitment by Chinese Government to withdraw troops would be publicized by Burmese as victory before facts ascertained and implementation agreed upon. Such publicity has already occurred in anticipation of Chinese Government commitment which latter may now consider itself forced to deny in order offset adverse effects on Li Mi's troops and Chinese public opinion which it had hoped to avoid.

Foreign Minister said new report just received by Minister of National Defense of another Burmese attack with planes and armor on Chinese forces. He remarked continuation such attacks may leave no alternative to simply allowing Burmese mop up Li Mi forces as best they can. Meanwhile he said orders had been issued to Chinese Air Force to allow no plane take off for Burma from any airport here.

Actually an agreement to set up tripartite body which would investigate situation and report seems to go long way toward meeting legitimate demands of Burmese. It appears certain that majority of Chinese including families in Northeast Burma could not be handled in operation such as that under discussion to date. Investigators could therefore report on this aspect in addition to evacuation of certain number of military.

I recommend we seek agreement with Chinese Goverment and Burma Government on setting up investigatory body creation of which would in itself be substantial concession to Burmese position since subsequent action in latter's favor would be unmistakably implied.

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[1] Telegram 688 reported the Department's opinion that a tripartite investigatory body might be of value but only if the Chinese first agreed in principle to the removal of the troops. (690B.9321/3-1053)

RANKIN

No. 48

690B.9321/3-1353: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

TOP SECRET
PRIORITY

WASHINGTON, March 13, 1953—6:30 p. m.

700. Re last sentence paragraph 1 your 956[2] Foreign Minister should be informed position taken Department's 688[3] and previous on subject KMT troops Burma not "Department's position" but position whole US Government. This made clear to Madame Chiang[4] by President on March 9 and was re-emphasized to her afternoon March 12 . . . .

Your 956 gives impression Chinese Government consider themselves almost at war with Burma and that they look upon order for KMT troops to withdraw as surrender to Burma. US does not understand this reasoning. As pointed out to Ambassador Koo and reported Department's 671 to Taipei,[5] concentration of outlying forces in Taipei would be sound military move. It would not in any way constitute a surrender to Burma.

In view fact that Chinese troops are on Burmese territory without permission as result of defeat by Chinese Communists and that they have been thrown back into Burma by Chinese Communists when attempting return to Yunnan, it is difficult understand Chinese Foreign Minister suggesting that agreement set up tripartite body to investigate would go long way toward "meeting legitimate demands of Burmese." Burmese completely within their rights in demanding expulsion these troops from Burmese territory and if Chinese Government will not even agree in principle that this should be done, US Government would find great difficulty in coming to support Chinese in UN if Burmese bring matter before General Assembly. On other hand Rangoon's 1746[6] (being rptd

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[1] Drafted by Allison.

[2] *Supra.*

[3] See footnote 1, *supra.*

[4] Madame Chiang Kai-shek was preparing to return to Taiwan after a visit of several months in the United States.

[5] Document 43.

[6] Not printed.

Taipei) states while Burmese have now made decision raise KMT matter UN, if US efforts solve problem successful they would reconsider. Further helpful is Bangkok's 1778[7] which states Thai Government prepared facilitate evacuation unarmed troops through Thailand if evacuation through Burmese port unfeasible.

Although Department recognizes and appreciates steps already taken by Chinese Government (your 936),[8] continued refusal of Chinese Government accede to requests US Government in this matter coupled with reasons mentioned your 947[9] for recent resignation K. C. Wu[10] would perhaps indicate US should take new look whole Chinese situation to determine whether or not its present policies toward Formosa are sound. Department remains of opinion one essential step remaining to be taken this stage is agreement in principle to remove troops from Burma as stated paragraph 1 Department's 688.

DULLES

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[7] Not printed.

[8] See footnote 1, Document 44.

[9] Not printed.

[10] K. C. Wu had recently resigned as governor of Taiwan Province.

No. 49

690B.9321/3–1653: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State

TOP SECRET PRIORITY TAIPEI, March 16, 1953—5 p. m.

966. For Allison Far East. Believe no doubt has existed on part of President Chiang or Foreign Minister but that Department speaks for US Government as whole (Department telegram 700, March 13). However I have made this specific point on various occasions during current discussions regarding Chinese troops in Burma.

Comment in paragraph 4 my telegram 956, March 12 was based upon expressed readiness Chinese Government to meet two out of three US demands (numbered paragraph 8 Department's telegram 616, February 24) and to despatch of observers to determine practicability of third. Essential difference between US (penultimate paragraph Department's telegram 671, March 6) and Chinese Government positions therefore appears to have been narrowed down to whether establishment of joint body to be preceded by Chinese Government agreement in principle to remove troops.

Foreign Minister has been left in no doubt but that US rejects proposal to determine practicability before Chinese Government agrees in principle (Department's telegram 659, March 5[1] and my telegram 934, March 6[2] first paragraph). I repeated this flatly to Foreign Minister today. He promised transmit my statement to President Chiang immediately and make further effort obtain acceptance US position.

Suggestion last paragraph Department's telegram 700 would represent new departure. Does Department wish me to inform Chiang that refusal to agree as above would "indicate US should take new look at whole Chinese situation" regarding "present policies toward Formosa"?[3]

Foreign Minister is drafting general statement on Burma situation which probably will be made in name of Minister National Defense to meet increasing pressure from Yunnanese member Legislative Yuan and from press. In response to query from Foreign Minister I suggested he make statement restrained and factual as possible and avoid reference to latest reported charge by Burma Government that Americans had been associated with Li Mi's forces.

Reference my telegram 912, March 3 summarizing March 2 meeting with General Li, attention is invited to detailed airmail report S-2-53, March 10 from ARMAT to DEPTAR[4] which latter was requested furnish Department. ARMAT's comments on practicability of evacuating troops are interesting view his knowledge of affected area. Otherwise information available to Embassy provides no adequate basis for forming considered independent opinion this point.

RANKIN

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[1] Telegram 659 to Taipei stated that the Department saw no point in sending observers to the affected area, since the question was not one of the facts in the case but of the overall political implications. (690B.9321/3-553)

[2] See footnote 2, Document 43.

[3] The Department replied on Mar. 18, as follows:

"Your tel 966, fourth paragraph, Department did not intend that you convey literally to Chiang phrases cited. Information was for your background and for possible use within your discretion in conveying appropriately to Chinese Government suggestion that flouting of US wishes in matter of this importance inevitably would affect climate in which future US/Chinese negotiations conducted. Our program of assistance Chinese Nationalist Government predicated on close cooperation. If such cooperation in essentials is not forthcoming, foundation of program weakened. However, this thought should not be conveyed in terms which could be construed as threat." (Telegram 716; 690B.9321/3-1653)

[4] The report is cited in footnote 2, Document 41; in it, Lattin commented that he thought an offer of safe passage to Taiwan, new uniforms, and some back pay would induce a part of Li Mi's forces to leave Burma. (690B.9321/4-353)

No. 50

690B.9321/3-1753: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

TOP SECRET NIACT RANGOON, March 17, 1953—5 p. m.

1772. At Foreign Minister's request I called at Foreign Office this afternoon. After usual preliminaries and personal apologies for action he was about to take, Foreign Minister handed me letter sent mytel 1773.[2] After reading letter I said that it appeared to me this action ill-advised and possibly result feeling of frustration to which KMT problem has given rise in Burma. I pointed out that linking KMT activities with termination TCA program was in effect joining two entirely separate matters. If Burma wished rid itself TCA program that problem could be discussed on its merits. But to combine with KMT problem was in the nature of attempting force United States do something it already doing.

I said situation appeared to me to be following: Burma requested good offices United States find solution KMT troop problem. United States agreed and since request received has been attempting find solution on an urgent basis. Unfortunately progress not as rapid as might be hoped, but negotiations with Chinese Nationalist Government, nevertheless continuing. GUB not satisfied with results now gives notice to United States Government its desire terminate TCA agreement until KMT issue solved. It seemed to me this reasoning would merely perplex American Government and people and could not help find solution. Would in fact result hindrance negotiations now being carried on Taipei. Foreign Minister replied this matter has been under consideration for some time . . . and had only today been approved as proper course of action by Cabinet. He denied Government linking KMT with TCA (concerning which he spoke in highest terms of appreciation) and said intention was merely marshall all possible forces against KMTs to drive them out of Burma and also raise matter in aggressive terms in United Nations. To be receiving aid from United States Government during this painful process might be embarrassing to United States Government and might be misunderstood by other countries.

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[1] Repeated to Taipei by the Department.

[2] Telegram 1773 from Rangoon, Mar. 17, included the text of the Foreign Minister's letter of that date to Sebald, the first paragraph of which reads as follows:

"As you are aware KMT activities within the territories of the Union of Burma have now assumed a character which leaves no doubt that they are fully supported and sustained by the Nationalist Government of China. This fact raises serious political problems for us and in solving these problems we consider it essential that an atmosphere is created which will leave no doubt that our efforts to expel the KMTs are genuinely motivated by the desire to rid our territories of foreign troops. The continuation of a foreign program will in our view mitigate against the creation of such an atmosphere and I am therefore to request under Article V of the Economic Cooperation Agreement between our two governments that the Government of the United States of America will accept notice that we do not desire the aid program to continue beyond June 30, 1953 until such time as the Government of the Union of Burma are able to settle the KMT issue completely." (690B.9321/3-1753)

The letter concluded by expressing appreciation for the materials and services received under the U.S. aid program.

(I am inclined believe Prime Minister feels military action against Chinese Nationalist troops is wounding to United States and that continued acceptance of aid from United States under these circumstances somehow irreconcilable and immoral.)

On basis my remarks as above I suggested reconsideration contemplated action. Foreign Minister said unfortunately he now exercising mandate received from Cabinet and perforce must deliver letter to me. He promised, however, again discuss with Prime Minister this evening and in meantime agreed I should merely hold letter pending final decision. I said in any event, before decision becomes final I would wish discuss matter with Prime Minister. Foreign Minister said he would tell Prime Minister accordingly.

While I was leaving Foreign Minister said aid program would not of course, be affected if KMT troop problem solved.

SEBALD

No. 51

690B.9321/3-1853: Telegram

The Secretary of State to the Embassy in Burma

TOP SECRET NIACT WASHINGTON, March 18, 1953—7:01 p. m.

1470. Your 1783[1] and preceding. You should make every effort immediately see Prime Minister for personal discussion, making following points not as threats but simply to show inevitable consequences of proposed move.

1. It should be clear to GOB that their linking aid cancellation with KMT problem, far from encouraging US Government in efforts to help solve latter, shows such a misunderstanding of our motives in trying to be of help in this difficult problem that US will no longer be able exercise good offices in this regard with Chinese Nationalist Government and must consequently leave solution

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[1] Dated Mar. 18; it reiterated Sebald's concern that unless the United States acted quickly to resolve the problem of the Nationalist troops in Burma, it risked losing Burma to Communism. (690B.9321/3-1853)

entirely in hands of GOB. This is simple statement of inevitable result of GOB action which American public opinion would interpret as highly unfriendly gesture.

2. TCA aid cannot be turned on and off like faucet pending solution of extraneous problem, and if present program is terminated it will be impossible include anything for Burma in 1954 program. Aside from bad propaganda for Burma vis-à-vis US Congress and public, you are familiar with present economy trend and consequent active competition for available funds. Burma is doing US no favor in accepting aid.

3. Rankin still pressing Chiang[2] to agree evacuation and subject concurrence GOB proceed with establishment investigatory body to look into practical methods of implementation. Department hopeful early favorable decision. Chiang has already agreed stop supplies and order troops cease attack. Only remaining question is agreement, at least in principle to evacuation.

This move by GOB appears based on belief it putting pressure on US solve KMT problem. Effect not only reverse but move may undo gains made thus far.

DULLES

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[2] Telegram 713 to Taipei, Mar. 18, sent personal and eyes only for Rankin from the Under Secretary, instructed him as follows:

"It is imperative necessity that we obtain forthwith Chinese Government agreement in principle to withdrawal forces. You should leave no stone unturned in your efforts to get immediate favorable decision. I personally hope this approach will be more effective than your previous efforts, particularly as I had impression from Madame Chiang this would be agreed upon." (690B.9321/3-1853)

No. 52

690B.9321/3-1953: Telegram

The Ambassador in Burma (Sebald) to the Department of State

TOP SECRET NIACT RANGOON, March 19, 1953—1 p. m.

1792. Mytel 1772, March 17. Had lengthy interview with Prime Minister this morning during which I reviewed for him developments leading up to delivery Foreign Minister's letter to me. I especially pointed out my perplexity at linking KMT problem with TCA aid program and difficulties which reasoning of GUB would cause among American Government and people. I asked Prime Minister frankly tell me whether GUB in fact desires continue TCA program or whether for reasons unknown to me KMT problem was being used as pretext terminate aid program.

Prime Minister said decision embodied in Foreign Minister's letter was arrived at with utmost reluctance by himself and members his Cabinet. He said almost without exception Cabinet desires continuance TCA program faced as they are with realization Burma must have technical assistance and that America is only country having capability supplying this aid.

On other hand serious crisis had arisen among important supporters AFPFL Government who in effect were accusing Prime Minister and colleagues accepting "hush money" in guise of United States aid, an accusation to which credence was lent by failure over past two years GUB settle KMT problem and apparent lethargy and satisfaction allow KMT troops remain on Burmese territory. This movement among responsible supporters aided and abetted by vocal opposition assumed such serious proportions that Government felt drastic measures must be taken remove all pretexts for charges. This in essence was reason why KMT problem was linked with aid program. He felt action was taken to save the Government and country as he felt with an apologetic aside, that only AFPFL Government is capable constructively governing Burma under present conditions.

After above explanation Prime Minister said "I give you my word of honor when KMT matter is settled you will see that we will be anxious resume aid program and gladly and gratefully accept as little or as much as your Government will offer us providing you are still interested in pursuing your aid program." Prime Minister emphasized that short of sending troops to Korea he and his Government were doing everything possible to fight communism. Reiterated Burma wants and needs TCA and technicians and emphasized his great admiration for America and its people.

Comment: I am convinced *bona fides* Prime Minister's comments summarized above. KMT problem has assumed such politically dangerous proportions among rank and file AFPFL party members that Government apparently forced undertake drastic action rid themselves any connotation of tacit understanding with United States regarding presence KMT troops Burmese soil. As indicated my telegram 1783, March 18[1] *sine qua non* for friendly relations between United States and Burma is speedy solution KMT problem.

SEBALD

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[1] See footnote 1, *supra*.

No. 53

611.93/3-1953

Memorandum of Conversation, by the Assistant Secretary of State for Far Eastern Affairs (Allison)

SECRET WASHINGTON, March 19, 1953.

Subject: U.S.-Chinese Relations and General Situation in the Far East

Participants: Dr. V. K. Wellington Koo—Chinese Ambassador
John Foster Dulles—Secretary of State
John M. Allison—Assistant Secretary of State

[Here follows discussion of relations between the United States and the Republic of China.]

When the Ambassador arose to depart, the Secretary asked him, "When are you going to get your troops out of Burma?", and went on to express briefly to the Ambassador the seriousness with which the United States Government viewed the situation in Burma. The Ambassador said that he had had nothing in the past few days from his Government but that he hoped steps that it had already taken were helpful. Mr. Allison stated that we appreciated what the Chinese Government had done but that we still believed it necessary for the Chinese to agree in principle to the removal of the KMT troops from Burma and that if this agreement could be given we would then be in a position to go to the Burmese and request them not to bring this problem to the United Nations. It would also then be possible to work out some form of investigatory body or commission which could look into the practical problems involved.

After the Ambassador had left the Secretary's office he told Mr. Allison that he thought his Government had received the wrong impression and that it believed that the United States was demanding that at this time it issue an unequivocal order to the Chinese troops in Burma to leave the country. He said that his impression was that all we were asking was for agreement in principle to issue such an order if after investigation it proves practical to remove at least some of the troops from Burma. Mr. Allison stated that while the United States believed the best possible thing would be for the Chinese Government at this time to issue an unequivocal order for the return of the KMT troops, nevertheless we recognized the difficulties for the Chinese in taking this step, but that we very strongly believed the Chinese Government should authorize us to inform the Burmese Government of its agreement in principle to the removal of the troops. Ambassador Koo said he understood our position and that he would telegraph again immediately to his Government.

No. 54

690B.9321/3-2153: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State[1]

TOP SECRET PRIORITY TAIPEI, March 21, 1953—1 p. m.

988. In 40 minute talk with President Chiang this morning I reviewed arguments for withdrawing Li Mi troops from Burma border region as stated my telegram 878, February 22 and subsequently. I pointed out again US position is result high-level interagency decision; also that it would be most unfortunate at this time when possibility exists of increased or accelerated US aid if Washington climate for discussing such matters were adversely affected by Chinese Government refusal accede to US desire in present case.

Generalissimo repeated his earlier arguments and asked why if US supporting anti-Communist guerrilla activities elsewhere we are unwilling support Li Mi. I replied that important difference exists in that his troops are in Burma, which immediately places us in wrong in eyes of free world besides weakening position of Burma Government which our representatives in Rangoon believe could be saved from Communists.

I then urged that whatever Chiang felt was right or wrong of matter it would be better part of wisdom to agree in principle. I pointed out I was not now asking him to issue actual order, to which he had previously objected, but simply to agree in principle to withdrawal of his forces. He replied this might prove impossible and I remarked it would not be his fault if agreement in principle could not be implemented. (*Comment:* He seems obsessed with importance of taking no step which would lead to his later being accused of bad faith. For better or worse this is contrary to experience in many countries where agreement in principle is freely given with no intention of carrying out.)

Generalissimo then asked me put essence of foregoing in writing. I agreed do this in letter to Foreign Minister which I am phrasing as follows: "My understanding of US position is that immediate step requested of Chinese Government is agreement in principle to withdrawal of as many troops as practicable". Chiang said he would send his answer to me through Foreign Minister (note second paragraph my telegram 956, March 12 in this connection).

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[1] Repeated to Rangoon by the Department

Chiang informed me he had sent for Li Mi's deputy to proceed Taipei immediately since General Li incapacitated.[2]

RANKIN

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[2] On Mar. 10, the Embassy in Taipei reported that Li Mi had entered the hospital the previous night. (Telegram 946; 690B.9321/3-1053)

No. 55

690B.9321/3-2153: Telegram

The Ambassador in Burma (Sebald) to the Department of State

TOP SECRET NIACT RANGOON, March 21, 1953—noon.

1813. Deptel 1477.[1] In strongest possible terms, but without giving offense or threat, I communicated Department's views (Deptel 1470)[2] to Prime Minister last night. Upon completion substantive remarks, I pointed out advantages reconsidering action already taken which obviously would seriously undermine if not completely destroy friendly feelings in US for Burma.

Prime Minister appeared taken aback and partly repeated remarks made to me Thursday's meeting (mytel 1792).[3] He also said with some force he thought Department should appreciate that present difficulties have in part arisen in consequence GUB's patient attitude adopted toward KMT problem largely in deference to what he understood Department's desire that no definitive steps be taken raise matter in UN. He said this course was followed as result promptings my predecessor (Key) two years ago. Thus problem has dragged on for two years without any effective steps being taken remove KMT troops from Burma until GUB's patience exhausted in consequence KMT depredations and attacks on Burmese troops.

I reiterated steps being taken on good offices basis, favorable results already obtained by Rankin, and hopes for early solution, which should be sufficient satisfy him and GUB that US Government making serious and urgent efforts solve problem.

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[1] Dated Mar. 19; it instructed Sebald to see Prime Minister Nu again, this time making it clear that he was acting on specific instructions from the Department. (690B.9321/3-1953) Sebald had not received telegram 1470, Document 51, when he talked to Nu on Mar. 19.

[2] *Ibid.*

[3] Document 52.

After further discussion along these lines, I said crux of immediate problem is linking of KMT with TCA, and that surely some way can be found separate two problems, discuss each on its merits. Prime Minister said he thought this might be done, adding, however, "the decision about TCA is unalterable. We must take our chances that some provision can be made for Burma, if your government willing reinstate program, after KMT problem is solved". Prime Minister agreed re-examine possibility disentangle KMT problem from notice termination TCA aid. Assured me would discuss matter at next Cabinet meeting March 23. He would not promise success, but would try, "in view gratitude for aid already given and friendship for America". He also agreed I might wish try completely rewriting proposed press release[4] so that no offense given US. Interposed no objection to suggestion issuing no press release for "reasonable time", stating that naturally GUB wished do courteous thing in giving notice, basic ECA agreement being mutual arrangement.[5]

In view internal political difficulties summarized mytel 1792 we believe it only barely possible Prime Minister will be able persuade Cabinet reverse its decision linking TCA with KMT problem. Prime Minister, Foreign Minister, and Home Minister leaving Rangoon March 24 for Naga Hills meet Nehru. Will be absent two weeks.

Trager tells me Prime Minister has asked him call today. I have cautioned him confine his remarks TCA matters. Although we have heard rumor from private British source that "TCA is on the skids," think it remarkable that no serious leak has as yet occurred here.

SEBALD

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[4] On Mar. 18, Sao Hkun Hkio handed Sebald a draft press release and invited the Department's suggestions for its revision and time of release; Sebald reported this and sent the text to the Department on Mar. 18. (Telegrams 1776 and 1777; both 690B.9321/3-1853)

[5] On Mar. 23, at the request of the Permanent Secretary of the Burmese Foreign Office, Sebald returned Sao Hkun Hkio's letter of Mar. 17, which the Permanent Secretary stated had been cancelled, and received a new letter from Sao Hkun Hkio, dated Mar. 23, which gave notice that the Burmese Government wished to discontinue the U.S. aid program as of June 30, 1953, without stating any reason. (Telegram 1828, Mar. 23; 690B.9321/3-2353) The texts of both letters were enclosed with despatch 684 from Rangoon, Mar. 26. (890B.00 TA/3-2653) For text of the Mar. 23 letter, see Department of State *Bulletin*, Apr. 13, 1953, p. 530.

No. 56

690B.9321/3-2253: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State[1]

TOP SECRET NIACT TAIPEI, March 22, 1953—1 p. m.

989. Discussions re troops in Burma somewhat delayed by Governor Stevenson's visit[2] but as result talk with President Chiang late last night Foreign Minister asked me to elaborate statement of US position given my informal letter to him dated March 21 (mytel 988, March 21).[3] It appears following will meet Foreign Minister's desires and probably Generalissimo's:

> "The immediate step requested of the Chinese Government is agreement in principle to the withdrawal of General Li Mi's forces from Burma to the extent practicable. It is understood, however, that in view of the practical difficulties the Chinese Government envisages in the implementation of above agreement, it cannot be held responsible for not accomplishing more than is feasible and reasonable under the circumstances".

In absence instructions to contrary I intend incorporate preceding paragraph in another personal and informal letter to Foreign Minister[3] tomorrow morning.

Foreign Minister pointed out today next step after agreement in principle would be not only reaffirmation Chinese Government orders to Li Mi forces to refrain from attacks on Burmese troops but at same time orders from Burma Government to its forces to cease attacks on Chinese Nationalists; also that Burmese must stop other attacks which Foreign Minister said they have sponsored by supplying arms et cetera to irregular units such as those under Lo H'siang.

RANKIN

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[1] Repeated to Rangoon by the Department.

[2] Adlai E. Stevenson, former Governor of Illinois and Democratic Presidential candidate in 1952, visited the Republic of China Mar. 20-22.

[3] Not printed.

No. 57

493.90B9/3-2453: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

CONFIDENTIAL PRIORITY RANGOON, March 24, 1953—7 p. m.

1840. Embdes 605[2] and Deptel 1274.[3] Polish vessel *General Walter* arrived here March 24 from Whampoa; loading 1500 tons Burmese rubber purchased by Oriental Trading Company and 300 tons used structural steel both for discharge Whampoa. Expected complete loading by March 26. Vessel proceeding Whampoa via Colombo where it will reportedly complete loading with Ceylonese rubber. Rubber loading here ostensibly belongs Henzada U Mya and Co. Steel stated to be property CPR Government as successor Nationalist Chinese Government which owned structures near Lashio later wrecked or dismantled from which this material comes.

Embassy unable say whether such steel defined as "steel scrap" for Battle Act[4] purposes.

Acly called on Permanent Secretary Foreign Office today and advanced arguments given Deptel 1274 as well as exposition possible effects these shipments on TCA aid under terms Battle Act. Permanent Secretary claimed not fully informed destination rubber but possibly being transshipped Colombo. He promised look into matter and inform Embassy but gave no assurance efforts would be made interfere with rubber shipment. Re steel, he said GUB could not prevent CPR Government exporting own property and had therefore granted necessary export permit. Added that second smaller and final shipment steel contemplated.

Embassy believes these shipments have been carefully considered by GUB and decision reached at Cabinet level.[5]

SEBALD

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[1] Repeated to Colombo and London; pouched to Singapore and Djakarta.

[2] Not printed.

[3] Dated Feb. 14; it provided guidance to the Embassy concerning possible Burmese rubber exports to the People's Republic of China. It suggested that, if conversations with the Burmese on the subject appeared desirable, the Embassy should point out that Burmese sale of rubber to Communist China, while that country was fighting the United Nations in Korea, would cause a strong public reaction in the United States, that it was important to build up the United Nations as a force in the world to protect the rights of all countries, and that it appeared that the Communist Chinese were using the issue to try to "compromise" U.S.-Burmese relations. (493.90B9/2-953)

[4] The Mutual Defense Assistance Control Act of 1951 (adopted Oct. 26, 1951; 65 Stat. 644).

[5] On Apr. 1, the Embassy reported it had learned that the Burmese Cabinet had decided to establish controls over the export of strategic materials, including rubber,

Continued

No. 58

690B.9321/3-2453: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

TOP SECRET WASHINGTON, March 26, 1953—7:58 p. m.
PRIORITY

745. Embtel 996, March 24.[2] Embassies Rangoon and Bangkok share view held here that second and third paragraphs Foreign Minister's letter of March 21 renders so ineffective "agreement in principle" contained in first paragraph as to make letter virtually meaningless and unsatisfactory as basis for settlement.[3] We are unable to accept as verified Taipei charge that Government of Burma is supplying arms to any Yunnan or other Communist leader. Li Mi's forces admittedly will need assurance that they will not be massacred at such time as they lay down their arms, but this cannot be obtained until agreement in principle reached and withdrawal procedures arranged. No reason is seen why unqualified Chinese Government agreement in principle to withdrawal cannot be issued before withdrawal procedure arranged. We cannot carry through our effort to establish investigative committee until agreement in principle is reached with no conditions attached beyond those contained in first paragraph. It is hoped that such

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because Burma was invoking U.N. assistance regarding the KMT troops and, therefore, although the Burmese Government did not consider itself technically bound by the U.N. resolution, it should nevertheless abide by it. (Telegram 1912; 493.90B9/4-153) The text of an order placing controls on the export of rubber and all rubber products, issued on Apr. 1, was enclosed with despatch 702 from Rangoon, Apr. 3. (400.979/4-353)

[1] Repeated to Rangoon and Bangkok.

[2] Telegram 996 transmitted the text of an informal letter from Foreign Minister Yeh concerning Li Mi's troops in Burma. The first paragraph stated that the Chinese Government agreed in principle to the withdrawal of the troops, but that in view of practical difficulties expected in the implementation of such an agreement, it could not be held responsible for not accomplishing more than was feasible or reasonable under the circumstances. Rankin noted that the phrasing of that paragraph had been modified slightly "as result my suggestion to Foreign Minister this morning in effort to meet Allison's telephoned request of yesterday." The second paragraph declared that since the Chinese Government did not exercise complete control over the troops, it would be futile to advise them to withdraw until the cessation of attacks on them by Burmese forces or by forces under the command of a Yunnan Communist leader, who, the letter alleged, the Burmese Government was supplying with arms. The third paragraph stated that the Chinese argument in principle should be kept secret until ways had been found to implement it, because premature disclosure might cause the dispersal of Li Mi's troops before they could be evacuated. (690B.9321/3-2453)

[3] Sebald's and Stanton's comments were made in telegrams 1860 from Rangoon and 1883 from Bangkok, Mar. 26. (690B.9321/3-2653)

agreement would not cause loss of Li Mi's control of troops. To extent such loss occasioned, it would be unavoidable.

As basis for next step you should endeavor to obtain formal communication from Foreign Minister containing substance of first paragraph only of his informal letter of March 24. We should be authorized to pass substance of such formal communication immediately to Burmese and Thai Governments.

Foreign Minister should realize present crisis is producing situation increasingly menacing to Chinese National troops in Burma. Burmese UN Delegation has now received instructions to press for immediate inclusion KMT troops item on agenda GA[4] and General Committee on which US is represented will have to meet probably not later than Monday to make recommendation to GA on inscription item. If General Committee recommends inscription GA will probably meet about Wednesday for consideration of inscription.

Chinese National Government will of course realize that unless it authorizes U.S. Government to make a communication to Burmese Government prior to that time which would give that Government public basis for withdrawing item there is every probability that GA will approve inscription.

DULLES

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[4] A cable of Mar. 25 from Sao Hkun Hkio to the U.N. Secretary-General requested the inclusion of the item under the title "Complaint by the Union of Burma regarding aggression against it by the Kuomintang Government of Formosa"; for text, see U.N. document A/2375.

No. 59

690B.9321/3–2753: Telegram

The Secretary of State to the Embassy in Burma[1]

TOP SECRET
PRIORITY

WASHINGTON, March 27, 1953—7:38 p. m.

1538. Taipei's 1013[2] repeated separately contains Foreign Minister's agreement to send formal communication along lines request-

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[1] Repeated to Bangkok and Taipei.

[2] Dated Mar. 27; the Embassy reported that Yeh was willing to send a formal communication agreeing that the U.S. Government could communicate in confidence to the Burmese and Thai Governments a statement that the Chinese Government agreed in principle to cooperate with the U.S. Government in effecting the removal of Li Mi's troops from Burma, but that in view of the practical difficulties it envisaged, including the fact that it did not exercise full control over the troops, it could

Continued

ed our 745.[3] We consider this undertaking satisfactory for our purposes at this stage. You are authorized at your discretion communicate quoted text to Burmese Government in confidence. If you are opposed to giving it to GOB, telegraph your reasons priority.

Seek to induce GOB, on strength this concession by Chinese Government, to agree at once withdraw its complaint to UN. Point out that this conciliatory step by Taipei may well put GOB in indefensible position before UN if it should persist with its complaint refusing to exploit avenue toward settlement which has now been opened up, since UN traditionally does not act so long as possibility direct settlement remains open. If GOB spurns this gesture and presses complaint against Chinese Nationalists at this critical time, highly unlikely latter will maintain offer in which case further US efforts would be pointless.

Department recognizes GOB must make public statement to justify withdrawal and hopes obtain Chinese agreement to publicity if GOB acquiesces.

Also make preliminary soundings looking to immediate establishment four man committee to assist in bringing about settlement with one national from Burma, Thailand, China joined by one from U.S. Remind GOB that terms of reference of proposed committee will not include any fact finding responsibilities. They will be charged solely with determining degree of feasibility and best means of disarmament and withdrawal.

Ensure that GOB does not overlook steps already agreed to by Chinese Government reported paragraphs 2 and 3 Deptel 1421.[4]

DULLES

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not be held responsible for not accomplishing more than was feasible or reasonable under the circumstances. (690B.9321/3-2753)

Telegram 1032 from Taipei, Mar. 31, transmitted the text of Yeh's letter, dated Mar. 31, which included the above statement and an additional paragraph stating that the Chinese Government could not be expected to exercise any influence on Li Mi's troops unless and until the Burmese attacks on them were ended. Rankin commented that he did not interpret the last paragraph as a qualification of the agreement but merely as a statement specifying an essential step which should be taken as soon as possible. (690B.9321/3-3153)

[3] *Supra.*

[4] Dated Mar. 10; it summarized Yeh's oral statement of Mar. 7. See footnote 1, Document 44.

No. 60

890B.00 TA/3-3153: Telegram

The Ambassador in Burma (Sebald) to the Department of State

SECRET PRIORITY RANGOON, March 31, 1953—5 p. m.

1903. Deptel 1536.[1] Cancellation TCA aid gives us cause to examine our basic approach to Burma and reaction our policies have had on Burmese attitude toward United States in effort overcome ill effects recent actions and take constructive steps promote lasting improvement our relations.

One of our most serious handicaps has been that we have necessarily been too conspicuous in Burma with too many Americans in evidence and too much involvement in what Burmese consider their own internal affairs. Unfortunately the concept of Point 4 aid has made this inevitable. Our . . . operations have increased Burmese suspicion of our motives and have led large number believe we have sinister designs on their independence and integrity. At same time however, Burmese have become increasingly anti-Communist as result experience with their own Communist insurgents and observation Communist tactics in other countries. In absence external aggression possibility local Communists gaining control this country either through armed force or subversion appears remote. While termination TCA aid will handicap present rate economic development it will not materially increase likelihood Communist penetration.

Although Burmese appreciate benefits they have gained impression that in accepting aid they are limiting their own free democratic faction and doing us favor by accommodating United States foreign policy objectives. This impression is supported by apparent eagerness with which aid offered, serious concern with which we faced possible termination aid under Kem amendment,[2] and failure or inability explain our motives convincingly to oriental mind in terms our own long range self-interest. Bulk of Burmese people simply unable understand aid in terms of altruism.

Frustration arising out of KMT problem has also been major factor in Burmese search for whipping boy and hope pressure along military and political fronts would force quick solution before public hysteria might cause governmental crisis especially in view widely held public belief GUB failed act this issue past two years because of American pressure.

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[1] Dated Mar. 7; it requested the Embassy's views on the possibility of suggesting to the Burmese the suspension rather than the termination of the TCA program. (890B.00 TA/3-2753)

[2] The Kem amendment, Section 1302 of Public Law 45 (approved June 2, 1951; 65 Stat. 63), prohibited U.S. economic aid to any country that exported arms, ammunition, or strategic materials to the Soviet Union or any of its satellite countries, specifically including Communist China.

In view these considerations believe we should seize present opportunity withdraw from local limelight for reasonable period. In making administrative arrangements terminate TCA program therefore recommend we seek clear-cut break and plan withdraw completely for time being. Realize some projects could not be stopped forthwith without serious waste and economic loss but believe even these should be terminated at earliest practicable date and with minimum personnel.

If as I believe will be the case after period reflection not confused by extraneous factors GUB should take initiative in seeking renewed aid request could be considered on its merits and in more favorable and realistic atmosphere.

SEBALD

No. 61

690B.9321/4-353: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

TOP SECRET NIACT RANGOON, April 3, 1953—10 a. m.

1924. My telegram 1922.[2] In lengthy interview with Kyaw Nyein,[3] Acting Foreign Minister beginning 11 o'clock last night what appeared to be relatively simple recommendations set forth reference telegram have developed into somewhat different concept on part GUB for solution KMT problem (although points raised were put to me in form questions calling for "clarification" with view "creating favorable atmosphere in Burma because of desperate situation in which GUB finds itself" they throw light on manner in which GUB would like to handle situation and problem (points are presented in order they were explained to me)):

1. In opinion of United States can effective withdrawal be completed within one month or so (meaning before the monsoon breaks say mid-May)? *Comment:* "Effective withdrawal" might be defined as withdrawal of "hard-core".

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[1] Repeated to Taipei and Bangkok.

[2] Dated Apr. 2; it reported that the Embassy had learned that several leading Burmese Cabinet members had recommended to Nu that Burma accept the U.S. assurance that it was attempting to find a solution to the KMT problem, agree to postpone U.N. discussion of the issue, and agree to the establishment of a Chinese-Thai-U.S. commission with a Burmese "unofficial observer." (690B.9321/4-253)

[3] Kyaw Nyein was at this time Minister of Industries.

2. Can withdrawal be through country other than Burma? *Comment:* Burmese are thinking in terms of Thailand.

3. Would United States continue to use good offices alone and attempt effect withdrawal itself and not through device of three or four power committee? *Comment:* United States as good offices power would work directly with governments concerned requesting such assistance as might be necessary.

4. On assumption disarmament and repatriation would take place outside Burma might Burma have an observer present at disarmament point?

5. In event attempted withdrawal should be unsatisfactory GUB should be compelled again raise matter in United Nations "Can GUB presume that United States Government would support Burma?" *Comment:* I asked for definition of word "support". Kyaw Nyein said he was referring to direct appeal to Security Council where Burma would not wish sponsorship by Soviet Union. Some other country might sponsor but GUB desires United States support as otherwise might be forced rely on Soviets with whom GUB does not wish become associated.

6. Would United States be agreeable to Burma's armed forces not slackening operations during course of negotiations and preparations for withdrawal. *Comment:* Kyaw Nyein said GUB would adopt reasonable attitude in practical application this point. Purpose this point is endeavor prevent building up KMT strength in Burma during negotiations as happened in North Korea.

7. Assuming "favorable atmosphere" created by clarification above points GUB would like to explore following basis for procedure in United Nations:

(a) Would United States be prepared take initiative in proposing resolution to postpone discussions?

(b) Would United States be prepared in proposing resolution make statement indicating or suggestion United States is opposed to presence these troops on Burmese soil and that they represent threat peace SEA (or some similar statement)?

(c) Would United States be willing give as reason for its motion fact that United States is exercising good offices to effect withdrawal within reasonable time?

Kyaw Nyein said satisfactory resolution of above questions would make it possible for GUB "bring about peaceful solution" by agreeing postpone discussion until next General Assembly (assuming that breakdown United States efforts do not compel GUB in interim raise matter directly with Security Council).

Above points were all given me orally but I have attempted as nearly as possible use Kyaw Nyein's exact words (from notes taken during conversation). Language is not precise but I believe GUB feels itself hard-pressed internally and wishes demonstrate to Burmese people GUB and United States desire find solution. I pointed out difficulties which several above points raise and that failure United States efforts for reasons beyond our control might attach entire onus on United States. Kyaw Nyein felt this would not be case. In any event GUB feels only United States has influence and prestige necessary bring about withdrawal.

Ancillary to above I asked whether recent actions GUB are result of Chinese People's Republic pressure. Kyaw Nyein assured me not the slightest pressure from CPR which circumstance worries GUB as present "political correctness" CPR may be in preparation for pressure to come later.

I am convinced GUB sincerely searching for way out and desires meet United States wishes that item not be publicly debated in United Nations but at same time seeks allay almost hysterical public opinion (and threatened party dissensions) by demonstrating that concrete steps are being taken with assistance of United States which give real prospect withdrawal KMT troops from Burma.

Request Department's comment and instructions soonest

By separate telegram I am sending substance personal letter from Prime Minister to me[4] which Kyaw Nyein handed me before beginning conversation.

SEBALD

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[4] The substance of the letter was reported in telegram 1925 from Rangoon, Apr. 3. In it Nu stated that his government would be strengthened in dealing with opposition in the country if Sebald would advise the Department of State to give every possible consideration to the suggestions presented by Kyaw Nyein. (690B.9321/4-353)

No. 62

690B.9321/4-353: Telegram

The Secretary of State to the Embassy in Burma[1]

TOP SECRET
PRIORITY

WASHINGTON, April 4, 1953—2:28 p. m.

1578. Questions raised your 1924[2] indicate GOB misapprehension re our position on discussing question in UN. While you should reassure GOB our intention continue pushing "practical solution" regardless of UN developments, GOB should not be given idea we shrink from UN discussion; on contrary, now issue has been put on agenda[3] we are willing it be aired. We cannot moreover take lead on question of postponement which is up to GOB. Answers your seven questions:

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[1] Repeated to Taipei, Bangkok, and the U.S. Mission at the United Nations (USUN) in New York.

[2] *Supra.*

[3] The General Assembly decided on Mar. 31 to include the item on its agenda under the title, "Complaint by the Union of Burma regarding aggression against it by the Government of the Republic of China."

1. Probably not although we will continue press for rapid solution.

2. We are not averse to Thailand route which presumably only one in question. If Thai Government agrees as anticipated we will be as helpful as possible and US Embassy Bangkok is prepared make informal approach Thai Government if GOB and Formosa desire.

3. At this stage US Government is willing continue act as channel between non-recognizing governments Burma and China but decision as to committee will have to be taken in due course. US Government certainly not willing assume sole responsibility for solution.

4. We think it unrealistic assume any country would receive these troops if armed. Prime Minister Phibun told Thai press his Government would permit transit if disarmed (Bangkok's 1939 pouched Rangoon).[4]

5. US must reserve position as such question could be answered only in context in which item raised in UN. For example we are unable support present Burmese resolution as now worded in terms of condemnation China. However, US position past, present and future is one of assisting GOB and supporting constructively any workable solution of problem.

6. US Government cannot respond for this and considers GOB must estimate effect of its operations on progress negotiations. Note however that Formosa has repeatedly demanded mutual cessation hostilities as prerequisite to any tangible accomplishment and specified this essential step must be taken soonest and before any committee starts to work (Taipei's 1032 repeated Rangoon 14).[5] Guarantees of safe passage must moreover be condition to any evacuation.

7. (a) While US Government will support postponement if agreed to by Burma and if such postponement appears to enjoy general support, US does not wish take initiative now that question is on agenda. GOB might wish suggest some other power for example India or Latin American propose postponement.

(b) Though unwilling propose postponement US would have no objection to making properly worded statement along general lines indicated, stating our opposition to presence these troops on Burmese soil in violation international law and Burmese sovereignty. Any statement would however avoid terminology implying possibility Chapter VII[6] action against Chinese Government.

(c) Not pertinent, see (a). US would be willing however to state in any debate that we are using good offices and propose continue to do so.

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[4] Not printed.

[5] See footnote 2, Document 59.

[6] Reference is to chapter VII of the U.N. Charter, signed June 26, 1945; for text, see Department of State Treaty Series (TS) 993, or 59 Stat. 1031.

For your guidance we are concerned that GOB appears assume US Government willing to go to almost any lengths and take public responsibility for solution solely to avoid UN debate. You should continue to assure GOB that US will continue use its influence and prestige toward practical solution, and expects its efforts will usefully supplement those of GOB. Re item 6 above Department recognizes difficulties of Burmese position but considers that notwithstanding UN aspect it is up to GOB to make some move toward truce in current confidential negotiations with Taipei, for example at least agree temporary suspension military action within specified areas along lines Bangkok's 1965 (repeated Rangoon 75)[7] to get situation off dead center.

DULLES

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[7] Dated Apr. 4; the Embassy reported that the Burmese Chargé in Bangkok told Stanton he was urging Gen. Ne Win to temporarily suspend military action against the Chinese troops around Mong Hsat and between Mong Hsat and the Thai border, in the hope that plans could soon be worked out to evacuate them. (690B.9321/4-453)

No. 63

690B.9321/3-853: Telegram

The Secretary of State to the Embassy in the Republic of China

TOP SECRET NIACT WASHINGTON, April 4, 1953—2:29 p. m.

778. Eyes only Ambassador.[1] Department has heard . . . that strong efforts are being made in Formosa to obtain planes for transport from Formosa to Li Mi forces in Burma including efforts to use CAT planes which, being unsuccessful, may be commandeered.

Assume . . . in close touch with you regarding this matter and that you will promptly take all necessary steps to prevent commandeering CAT planes or flights by any other planes to Li Mi forces. Unless you are convinced there is no substantial basis . . . , you should immediately bring matter to attention of Foreign Minister, referring to his unconditional assurances (urtel 936 March 8)[2] that no clearance will be given to any further flights from Formosa to KMT forces Burma. You may state that if such flights take place, we could only conclude that Chinese Government has no intention of cooperating with US Government in this matter and that such flights could not but have most serious consequences for the maintenance of that mutual confidence so important between the two Governments. If Foreign Minister asserts Li Mi's forces under Chinese Communist attack, you should state that US Government has no information whatever to confirm this and very much doubts that such is a fact.

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[1] Rankin was appointed Ambassador to the Republic of China on Feb. 27; he presented his credentials on Apr. 2.

[2] See footnote 1, Document 44.

Report promptly to Department all developments regarding this matter.

DULLES

No. 64

690B.9321/4-353: Telegram

The Secretary of State to the Embassy in Burma[1]

TOP SECRET PRIORITY WASHINGTON, April 8, 1953—2:25 p. m.

1592. Department believes time has come to attempt impel Burma and China in direction practical solution as matter entirely separate from UN action, and to this end considers some contact must be established. Most feasible approach appears preliminary meeting presumably in Burma near scene of operations but possibly in Thailand between Burmese and Chinese military men to discuss only immediate current problems. While eventual objective would be evacuation of at least some of hard core Chinese troops now in Monghsat area, immediate aim would be consideration physical problems and establishment orderly procedures as prerequisite to further steps toward solution, including if possible agreement to temporary suspension heavy military action in Monghsat area or at least delimited zone thereof and elimination causes local friction.

Rangoon, Taipei and Bangkok are requested give views re feasibility such approach soonest. Rangoon is requested broach this possibility with GOB and make clear our belief that no real start can be made until at least informal contact is established. Such action should be begun regardless developments in UN.

For your information, Barrington and U Kyin[2] paid protocol visit April 6 and former alluded to some questions your 1924[3] of which he was generally informed before departure. Re withdrawal in "one-month period" Department mentioned general lines of above paragraphs and stressed need for concrete start separate from UN developments, pointing also to Formosa's condition that mutual cessation hostilities must precede any tangible accomplishment. Barrington's personal reaction was that contact might be feasible if limited to military men discussing practical problems and outside diplomatic channels.

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[1] Repeated to Taipei, Bangkok, and USUN.

[2] U Kyin, Burmese Ambassador to India, was in the United States as a member of the Burmese Delegation at the U.N. General Assembly.

[3] Document 61.

Barrington and U Kyin had envisaged Monghsat group withdrawal to Thai border which almost adjacent Monghsat, and disarmament at border. Indicated GOB felt it important not slacken operations during presumptive negotiations but believed if KMT were engaged in clearcut withdrawal no more than token operations would be necessary.

DULLES

No. 65

690B.9321/4-953: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

TOP SECRET PRIORITY TAIPEI, April 9, 1953—6 p. m.

1069. No implication intended my telegram 1060, April 8[1] that Chinese Government "may have abandoned" position of denying clearance to Burma flights and can only assume from wording Department's telegram 806, April 8[2] that Department basing conclusions on . . . reports which Embassy may or may not have seen. . . .

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Re substance of latter I have had no intimation Chinese Government intends to abandon compliance with three demands Department's telegram 616, February 24. However, it unsafe assume Chinese Government willing continue such compliance indefinitely without reference to Burmese action in UNO or to military situation in Burma. As indicated last paragraph my telegram 1060,

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[1] Telegram 1060 reported that Rankin had learned the source of the report relayed in Document 63, that the source had made no suggestion of Civil Air Transport planes being involved, and that the possibility that other planes would be commandeered was only speculation. The Foreign Minister assured him that he would continue to oppose sending any support to Li Mi's forces and that he had the full cooperation of the Commander in Chief of the Chinese Air Force. (690B.9321/4-853)

[2] Telegram 860 requested Rankin to clarify whether or not the Chinese Government had abandoned the position taken in Yeh's statement of Mar. 7 that no clearance would be given to any flights from any airfield on Taiwan to the area occupied by Li Mi's forces. (690B.9321/4-853)

April 8, Chinese military incline to opinion Burmese program aid Communists. Are exploiting US intervention to obtain closing Thai frontier and shutting off flights from Formosa as means improving their military position. While press campaign here less virulent than in Burma, due probably to government control, further bitterness already engendered by reports of Chinese forces being chewed up as result US influence. Many months since anything has so exacerbated Chinese-American relations as this Burma affair.

Essence first paragraph Department's telegram 801, April 8[3] conveyed to Foreign Minister who will discuss with Chinese military and give me reply. His initial reaction was that such military contacts probably inappropriate while case before UNO. Secret military discussions behind back of GA while matter under consideration in New York would not be conducive to favorable results he thought. Foreign Minister then expressed tentative opinion Burmese should first withdraw their complaint.

Department's telegram 803, April 8[4] arrived after my talk with Foreign Minister today but content will be communicated to him soonest. Frankly I doubt likelihood Chinese Government consenting to publicity for agreement in principle now, particularly in absence of action by Burmese to withdraw UNO complaint and/or agree to cease fire.

RANKIN

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[3] Printed as telegram 1592 to Rangoon, *supra*.

[4] Telegram 803 instructed Rankin to urge the Chinese Government to make public the "message" it had authorized the United States to transmit to the Burmese and Thai Governments. (690B.9321/3-3153)

No. 66

690B.9321/4-953: Telegram

The Acting Secretary of State to the Embassy in Burma[1]

TOP SECRET PRIORITY WASHINGTON, April 10, 1953—7:33 p. m.

1613. Your 1969[2] and 1978.[3]

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[1] Also sent to Taipei, Bangkok, and USUN.

[2] Dated Apr. 8; the Embassy reported a conversation with Kyaw Nyein, who told Sebald that the Burmese Government had decided to continue to press its case in the United Nations and to continue military operations. (690B.9321/4-853)

[3] Dated Apr. 9; it responded to telegram 1592 (Document 64). Sebald thought the Department's proposal would be unacceptable to the Burmese, who thought the basic problem was political and the only obstacle to a solution was the need for a Chinese decision to evacuate. (690B.9321/4-953)

1. It appears from recent communications that despite your efforts GOB does not understand that it has not given satisfactory response Chinese offer cooperate given two weeks ago (Deptel 1538).[4] Developments since that time give impression that GOB, at same time it is presenting its case before UN, is attempting settle problem out of hand by armed force rather than peaceful methods. At our insistence Li Mi was enjoined against offensive action and supply flights and subsidies from Formosa, from whatever source, were banned (Deptel 1421).[5] This was done to lay groundwork for peaceful settlement. . . . Department recognizes GOB within sovereign rights in attempting drive unwanted alien troops from territory, but it is nevertheless fact that continued military pressure at this time makes for impossible situation and may lead to disavowal of undertakings gained to date from Chinese Government and nullification our efforts toward peaceful solution. GOB should therefore agree suspend operations.

2. We recognize GOB must have tangible evidence Chinese Government's cooperativeness to justify any order suspending operations. Such order could be made contingent upon Formosa's public announcement "agreement in principle" to withdraw troops. Once GOB agreed to suspend operations, new request would be made of Chinese Government to make such public announcement on understanding both sides to cease hostilities. Department believes that only through virtual cease-fire can atmosphere be created in which means for working out any withdrawal may be effected.

3. To initiate above action you should call on Prime Minister soonest and, using in your discretion foregoing and other available arguments, point out that regardless of rights of matter facts must be faced if our efforts not to suffer total collapse; that proposals outlined paragraph two are only means we now see avoiding such collapse and US can go no further along present course unless GOB is willing to cooperate; that failure GOB comply with present request or offer feasible alternative can only be construed as desire block peaceful settlement. If Prime Minister reacts negatively you may your discretion inform him that while US will not cease to advocate withdrawal, Department does not see what further concrete action it can usefully take toward solution impasse.

4. If GOB does wish we pursue good offices and is willing abate hostilities and assuming GOB does wish troops leaving Burma via Thailand, GOB should also state (a) whether it desires US Govt assist in negotiating with Thailand for transit agreement or wheth-

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[4] Document 59.

[5] Dated Mar. 10; it summarized Yeh's oral statement of Mar. 7. See footnote 1, Document 44.

er GOB desires do this itself; (b) whether it is willing designate military representative discuss evacuation questions with other powers unofficially and outside Burma if necessary (for example arrangement outlined Bangkok's 1998 Rangoon 79 Taipei 30).[6]

5. Our interest helping Burma this matter will be neither stimulated nor abated by course of UN discussion.

6. Taipei has been asked forward true text any recent public statement by George Yeh on Burma (your 1969).

SMITH

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[6] Dated Apr. 9; the Embassy suggested that the Burmese and Thai military attachés in Bangkok meet with an officer of the Thai police and a U.S. representative to work out evacuation plans. (690B.9321/4-953)

No. 67

690B.9321/4-1853: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

TOP SECRET PRIORITY RANGOON, April 18, 1953—6 p. m.

2014. In lengthy interview today with acting Foreign Minister replies were given by him to proposal made to Prime Minister (mytel 2000).[2] In essence, GUB response as follows: GUB agreeable suspend operations against KMTs on conditions that: (1) Formosa make public statement that it agrees in principle to withdraw KMT troops from Burma; (2) that it would take steps to implement withdrawal of these troops immediately after cessation of hostilities, and (3) for that purpose an area should be defined to which KMT forces should withdraw and gather preparatory to making withdrawal. Burmese forces would feel free engage other scattered forces in areas separate from that defined, but prepared instruct local commanders do everything possible encourage withdrawal such scattered forces to defined area.

GUB desires that negotiation for withdrawal KMT troops via Thailand be conducted by US.

Regarding designation of military representative to discuss evacuation with other powers unofficially and outside Burma, GUB while prepared to discuss with Thai and US authorities, are unable to do same with representatives of Formosa. Details of withdrawal, etc., that may come up for discussion between Burma and Formosa may be conducted through good offices of US representative.

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[1] Repeated to Taipei and Bangkok.

[2] Not printed.

Regarding condition (1) above, I asked meaning of words "agrees in principle", stating that in my previous conversations it had been made clear that "agreement in principle" referred to undertaking which I had handed Foreign Minister March 29 (mytel 1872).[3] Kyaw Nyein replied that on other hand he had understood "agreement in principle" meant agreement to withdraw troops without further qualification. In view this misunderstanding Kyaw Nyein's part, he will again raise matter with Cabinet (mytel 2010)[4] for purpose ascertaining whether qualified "agreement in principle" acceptable.[5]

"Suspension operations" would be mutual on agreed date and on assumption KMTs would then immediately set evacuation plans into operation. On question of disarming troops, Kyaw Nyein said it imperative that steps be taken ensure arms will not fall into hands Burmese insurgents by sale or otherwise. He agreed Burmese Military Attaché Bangkok or additional military officer could be authorized assist in working out practical problems in conjunction with US and Thai officers.

Comment: GUB approaching acquiescence proposal Deptel 1613.[6] It is possible misunderstanding mentioned above is deliberate. As previously reported, neither Prime Minister nor Kyaw Nyein are happy about qualifications in Taipei's "agreement in principle".

I believe it would be helpful create improved atmosphere if Taipei would now give some indication of concrete steps it proposes to take, if agreement cease-fire reached, to cooperate in effecting withdrawal. Some such indication would greatly assist me in convincing GUB probable effectiveness Taipei's cooperation.

SEBALD

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[3] Not printed. The undertaking was that reported in telegram 1013 from Taipei; see footnote 2, Document 59.

[4] Not printed.

[5] On Apr. 22, the Embassy in Rangoon reported that Kyaw Nyein showed Sebald an informal memorandum expressing the Burmese Government's views: the government was prepared to suspend military operations, not because the Chinese Government had agreed to announce, with many qualifications, its agreement in principle, but because the government wished to enable the United States to exercise its good offices. (Telegram 2047; 690B.9321/4-2253)

[6] Document 66.

No. 68

Editorial Note

On April 17, the First Committee of the United Nations General Assembly began discussion of Burma's complaint to the United Nations. On April 22, the Committee adopted a Mexican draft resolution, with one Argentine-Chilean amendment and four Lebanese amendments, after accepting an Iranian proposal to give the Mexican resolution priority in voting. The Committee adopted the resolution as amended by 58 votes to none, with Burma and China abstaining. For the official record of the Committee discussions, see U.N. documents A/C.1/SR.605–612. The text of a statement made during the debate on April 21 by Ambassador Henry Cabot Lodge, United States Representative to the United Nations, may be found in Department of State *Bulletin*, May 4, 1953, page 664.

On April 23, the General Assembly adopted the resolution by 59 votes to none, with China abstaining. The resolution, 707 (VII), condemned the presence of "foreign forces" in Burma and their hostile acts against that country, declared that the foreign forces must be disarmed and either agree to internment or leave Burma's territory forthwith, requested all states to respect Burma's territorial integrity and independence, recommended that "the negotiations now in progress through the good offices of certain Member States should be pursued," urged all states to assist Burma to facilitate the evacuation of the foreign forces by peaceful means and to refrain from giving them any assistance, and invited the Burmese Government to report on the situation at the next session of the General Assembly. For text of the resolution, see U.N. document A/2391; for the record of the meeting at which it was adopted, see U.N. document A/PV.428.

No. 69

690B.9321/4–2553: Telegram

The Acting Secretary of State to the Embassy in Burma[1]

SECRET PRIORITY WASHINGTON, April 25, 1953—1:41 p. m.

1686. It is Department's view that:

1. On basis UN resolution and despite fact some points still unsettled between Burma and China, US Govt should now further pursue good offices in direction early formation mixed committee along lines suggested by Embassy Bangkok;[2]

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[1] Also sent to Taipei and Bangkok.

[2] The Embassy, on Apr. 22, reported that the newly-appointed Burmese Ambassador to Thailand had indicated that, although Burma would not participate directly in a committee, he or the Burmese Military Attaché would confer with Thai and U.S. representatives and help with arrangements for an evacuation. (Telegram 2081; 690B.9321/4–2253)

2. Government should agree to formation committee even though at outset Burmese unwilling deal directly with Chinese (such committee would in effect be US-Thai liaison between Chinese on one hand Burmese on other);
3. Governments should designate military representatives to meet in Thailand and agree on recommendations to their Governments for removal of troops and preliminary measures including delimited zone, disarming, maintaining and transporting them;
4. Chinese Government should also request Li Mi designate officer for liaison and information to serve committee in addition to Chinese representative.

Embassies addressed are requested approach respective foreign offices in pursuance good offices, ascertaining if agree participate in committee and name representative. If not please find what concrete objections and recommend steps to overcome.[3]

Embassy Bangkok please submit recommendation for US representation.

SMITH

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[3] On Apr. 27, the Embassy in Bangkok reported that the Thai Government agreed to participate in the committee and name a representative. (Telegram 2121; 690B.9321/4-2753) On Apr. 28, the Embassy in Rangoon reported that the Burmese Government agreed to the formation of a mixed committee and would designate a military representative, who would not be authorized to deal directly with the Chinese but would use U.S. and Thai representatives as liaison with the Chinese. (Telegram 2073; 690B.9321/4-2853) The Embassy in Rangoon reported on May 13 Sebald's understanding that the Burmese representative would participate in the committee to the extent practicable without dealing directly with the Chinese; Sebald considered that Burma would in fact be a member of the committee. (Telegram 2142; 690B.9321/5-1353)

No. 70

790B.5/4-2853: Telegram

The Ambassador in Burma (Sebald) to the Department of State

SECRET RANGOON, April 28, 1953—11 a. m.

2065. Army Attaché message 121, April 6.[1] Defense Minister has indicated to me his desire proceed with arms procurement negotiations. Adlai Stevenson[2] also told me Defense Minister, Ne Win, and Kyaw Nyein in conversation with him yesterday asked for his intercession with President Eisenhower for sympathetic and favorable consideration Burmese arms request enabling Burma Army eventually build up to four divisions. Stevenson was non-committal, said this was official matter and assumed Embassy proper channel but promised would bear in mind.

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[1] Not printed.

[2] Stevenson visited Burma Apr. 23-28; material pertaining to his visit is in Walter Johnson and Carol Evans, eds., *The Papers of Adlai E. Stevenson*, volume V: *Visit to Asia, the Middle East, and Europe, March-August 1953* (Boston, Little Brown and Company, 1974), pp. 176-195.

Above plus other indications suggest this psychological time set in motion procedure outlined Deptel 1459[3] and unless Department perceives objection Embassy will raise matter with Foreign Office April 30.[4]

SEBALD

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[3] Dated Mar. 17; the Department outlined procedures for the negotiation of reimbursable military assistance to Burma as follows: In Phase I, Burma should request assistance, and the assurances required by law should be negotiated; in this phase, the United Kingdom should be informed but its concurrence should not be solicited. In Phase II, there should be a complete discussion between the Burmese Government, the British Services Mission, and the U.S. attaché staff to formulate a mutually acceptable list of Burmese arms requirements, culminating in Burmese submission of this agreed list through diplomatic channels. In Phase III, the Department of State would transmit the list with its recommendations to the Department of Defense, which would determine prices and availability. The Embassy was authorized to inform the British Ambassador and the Burmese Government of these procedures and to inform the Burmese that the United States would receive with sympathy a diplomatic request for reimbursable military assistance. (790B.5/3-1053)

[4] On May 4, the Embassy reported that the Foreign Office was approached on Apr. 30, and the British Ambassador fully informed on the same day. (Telegram 2094; 790B.5/5-453)

No. 71

Taipei Embassy files, lot 62 F 83, "KMT Troops in Burma, 1952-1953"

Memorandum of Conversation, by the Ambassador in the Republic of China (Rankin)

TOP SECRET TAIPEI, May 1, 1953.

Participants: President Chiang Kai-shek
K. L. Rankin

I called on President Chiang by appointment at 10:30 this morning and reviewed with him various matters which I had discussed with Admiral Radford in Hongkong on April 28.

With reference to Burma I said that both Admiral Radford and I considered it important that the Chinese Government take further positive steps toward remedying the situation involving General Li Mi's forces in northeast Burma. Specifically, I urged that he appoint a qualified military officer, preferably one familiar with the situation and with a good knowledge of English (I was thinking of Foreign Minister Yeh's candidate, Colonel I Fu-de, but did not mention his name), to proceed to Bangkok and start informal discussions with American and Thai representatives. In response to his question whether the Chinese representative would meet a Burmese officer, I replied that this might or might not be desirable, but that talks could be initiated with Thai and American representatives.

I went on to say that the Burmese seemed unwilling to order a cease-fire without assurances that the Chinese would then immediately take steps looking toward a withdrawal of Li Mi's forces. The appointment of a Chinese representative and his despatch to Bangkok seemed the best way to get things started and to persuade the Burmese to stop military operations. I noted that the longer matters were delayed the greater would be the pressure from Li Mi's men to obtain supplies, including ammunition, from the outside. To supply any of their needs from Formosa, in view of the undertakings of the Chinese Government here in Taipei and at the United Nations in New York, seemed to me most unwise, and I added that Admiral Radford agreed with me on this point. The facts would certainly become known and serious embarrassment for both our governments would result.

President Chiang replied with a laugh that there would be no suggestion of any such support for Li Mi coming from the Americans. I answered that whether we were directly blamed or not the effect would be the same, and that both of us must preserve appearances.

In conclusion the President said that he would consult with the Ministers of Foreign Affairs and Defense, and would let me have a reply as to the appointment of a Chinese representative to go to Bangkok.[1]

KLR

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[1] On May 6, the Embassy reported that Col. I Fu-de was selected as the Chinese representative on the committee. Li Mi insisted that he could not assign a representative to the committee prior to a ceasefire, but Rankin thought Colonel I could make such informal contact with Li Mi's representatives as might be necessary. (Telegram 1160; 690B.9321/5-653)

No. 72

890B.00 TA/5-753: Telegram

The Secretary of State to the Embassy in Burma

CONFIDENTIAL WASHINGTON, May 7, 1953—7:31 p. m.

1733. From Robertson[1] and Andrews.[2] Department has reviewed Burma program in full and decided on general principles and procedures for terminating program. These decisions reached after carefully weighing effect in Burma as well as domestic reactions US if positive steps to close out program not taken. Recognizing curtailment involved may be more substantial than anticipated, Department considers our long-range interest best served by accepting GOB request for withdrawal at face value and approaching winding-up problems in most practical manner and on friendliest basis.

A. *Principles:*

1. No new commitments will be made with GOB for personnel and supplies retroactive to March 17. No new activities under project agreements are to be started, no new contracts for services are to be signed except as indicated below. Only minimum new equipment will be ordered from suppliers and minimum new personnel furnished, for activities as described following paragraph.

2. Action commenced on FY 51/53 projects prior March 17, including dollar support of GOB contracts with private organizations, will be reviewed project by project by TCA/W to determine projects to be continued. US Government prepared complete such orders, ship such equipment and retain or assign such TA's for instructing in installation and utilization equipment as necessary to avoid undue waste. Such services and goods will be kept minimum.

3. US funds will not be available to finance extension any existing GOB contracts with private organizations.

4. Trainees now in US will be permitted complete training. Planned FY 53 trainee program will not be implemented.

5. GOB should be requested provide kyats due against saleable commodities under FY 51/52 program plus any additional amount of local currency required to support those 51/52/53 activities which have been or are to be completed. GOB will not be expected provide full amount kyats specified in FY 53 program agreement.

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[1] Walter S. Robertson succeeded Allison as Assistant Secretary of State for Far Eastern Affairs.

[2] Stanley Andrews, Administrator of the Technical Cooperation Administration.

6. Of TCA/B staff only minimum persons required to supervise constructive salvage job to remain. Departure by transfer or recall of personnel not required under this policy should commence after details wind-up activities clarified.

7. Foregoing policy does not permit reprogramming available funds during March–June interim.

Delivery goods and services under foregoing principles deemed legally feasible after June 30 by receipt GOB note (your 2091)[3] embodying text draft two (your 2050).[4]

B. Procedures:

1. Department will shortly forward substance of note to be delivered to Foreign Office setting forth policy this Government in terminating aid.[5]

2. In separate messages TCA/W will inform TCA/B of action to be taken re individual projects and contracts. Those activities US Government prepared to continue will then be submitted by TCA/B to BEAC for written indication of disposition GOB desires each case.

Above principles and procedures will cut off nearly all planned FY 53 activities and portion of FY 51/52 funds now covered by procurement authorizations.

Dulles

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[3] Dated May 1; it reported the receipt of a note stating that the Burmese Government did not wish any new aid program initiated after June 30, but would welcome any supplies and services obligated on or before that date. (890B.00 TA/5–153)

[4] Not printed.

[5] The substance of the note was incorporated in telegram 1772 to Rangoon, May 15. (890B.00 TA/5-153)

No. 73

Editorial Note

The Joint Military Committee for the Evacuation of Foreign Forces from Burma, consisting of representatives of Burma, the Republic of China, Thailand, and the United States, held its first meeting in Bangkok on May 22. Colonel Raymond D. Palmer, United States Army Attaché at Bangkok and the United States representative on the Joint Committee, was named chairman. Until June 16, the United States and Thai representatives met alternately with the Burmese and Chinese representatives; the full Committee also met for the first time on that date. The Burmese representatives withdrew from the Committee on September 17; thereafter, the Committee continued to function with Chinese, Thai, and United States representatives until it was formally dissolved on September 1, 1954. The reports from the Embassy in Bangkok concerning the Committee meetings and related developments and an incomplete file of the Committee minutes are in file 690B.9321. For text of the Committee's final report to the United Nations, see U.N. document A/2740.

No. 74

690B.9321/5-2553: Airgram

The Acting Secretary of State to the Embassy in the Republic of China

TOP SECRET WASHINGTON, May 25, 1953.

A-222. . . . reports recently received by the Department indicate that there is strong pressure by some groups within the Chinese Government not only to prevent withdrawal of any part of Li Mi's forces from Burma but to maintain the flow of supplies to them. One report indicated that the Chinese hoped to instigate a revolt among Shan leaders against Burmese authority in order to set up an independent Shan state which the Chinese could control. Another report alleges that efforts are being made by Fu Shing Air Lines to purchase four-motored aircraft in the United States presumably for the purpose of supplying Li Mi's troops, and one report even claims that a Chinese Air Force 4-motored bomber is currently engaged in supply drops.

Although individually these reports are of questionable reliability, there seems to be enough evidence of strong opposition to withdrawal of Li Mi's forces and of intention to continue their support from Formosa on the part of some groups within the Chinese Government which have a considerable degree of independence of action, such as the Continental Operations Department, as to cast some doubt upon the ability of the Chinese Government to follow through on its commitments to cooperate actively with other interested parties to give effect to the UN resolution on the Li Mi forces. . . . Embassy reports that it is the strongly-held view of the Chinese Foreign Office that Li Mi's forces should be withdrawn from Burma and that whole-hearted cooperation should be given by the Chinese Government to UN-sponsored efforts to this end.

While it is realized that the Embassy can not play any direct part in what appears to be a serious conflict of views within the Chinese Government on this issue, the Embassy may be able to strengthen the hand of the Foreign Office by intimating during conversations with the Foreign Minister on the subject of the Li Mi troops, its awareness of pressures within the Government against the official position of the Chinese Government and the concern of the U.S. Government that the Chinese Government adhere firmly to it. In this connection, the Embassy may wish to point out to the Foreign Minister that were air drops to the Li Mi troops in Burma to be re-initiated, or any other attempt to resupply the Li Mi forces, this activity would soon be discovered by the Burmese and make further negotiations for the evacuation of these troops impossible. Such action would not only be in direct contravention of Chinese Government commitments to Burma and the UN, but would also constitute deliberate defiance of the UN resolution.

Under these circumstances the Burmese Government could be expected to press its complaint against the Chinese Government in the next GA with increased vigor and bitterness. Judging by the considerable support and sympathy for the Burmese position expressed in the last GA, a renewed Burmese attack under circumstances such as this might well result in seriously undermining the Chinese Government's position in the UN, a process which may well have already started as a result of the recent GA airing of the Burmese complaint. This would be especially true if an armistice in Korea had been achieved, as in such an event it is feared that some Governments, not only in the Communist bloc but also in the free world, would be anxious to find a pretext for discrediting the Chinese Government in order to pave the way for its replacement in the UN by the Peiping regime. Since the U.S. Government will remain strongly opposed to the seating of the Chinese Communists in the UN and in favor of the retention of China's seat by the Chinese Government whether or not an armistice is achieved in Korea, it would regard with deep concern any developments which might lead to a serious weakening of the Chinese Government's position in the UN. Were the Chinese Communists to succeed in establishing themselves in the United Nations at the expense of the Chinese Government, it would seem indisputable that the Chinese Communists' gain in terms of political prestige and power in Southeast Asia would far more than offset the advantages to the Chinese Government, whatever they might be, of maintaining three or four thousand troops in Burmese territory.

While it seems apparent from Embassy reports that the foregoing line of reasoning is fully understood and accepted by the Foreign Minister and his colleagues, their hands in the apparent struggle over this issue within the Chinese Government might be strengthened if they were in a position to make it clear that the U.S. Government is also deeply concerned as to the possible consequences of deliberate defiance of the UN mandate with respect to the Chinese troops in Burma. Unless the Embassy perceives objections, therefore, an appropriate occasion should be taken to discuss this matter with the Foreign Minister along the foregoing lines.[1]

SMITH

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[1] On June 10, the Embassy reported that the pertinent paragraphs of the airgram were conveyed that morning to the Foreign Minister, who was to see President Chiang later that day. (Telegram 1276; 690B.9321/6-1053)

No. 75

690B.9321/5-2653: Telegram

The Ambassador in Thailand (Stanton) to the Department of State[1]

SECRET PRIORITY BANGKOK, May 26, 1953—5 p. m.

2364. Part 1. Today Burma agreed accept my draft tentative agreement[2] without modification. Burma furnished Joint Committee with plan for temporary safety zone Monghsat area permit visit Joint Committee. This zone extends Thai border 50 miles north and 60 miles wide. Specifies cease-fire, no movement of troops during cease-fire, no aircraft except committee aircraft enter zone. Burma also furnished Joint Committee three alternate detailed plans withdrawal foreign troops (which they estimate 12,000 armed combat personnel). Burmese representative informed chairman he invested by Rangoon with fairly large amount authority eliminate frequent reference to Rangoon and meet circumstances here. Said he felt Chinese representative exploratory in approach to issues thus far; felt if Chinese National Government sincere in desire implement UN resolution Chinese Nationalist representative should be armed with more authority. Burmese now have done all they can. Joint Committee in recess waiting for Chinese Nationalist representative come up with reply to my draft tentative agreement and statement position on Burmese plans. Thai meanwhile drafting detailed plans movement foreign troops through Thai. Chinese Nationalist representative states does not believe Taipei can furnish shipping. We recommend US offer furnish shipping Bangkok to Taiwan. Chinese

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[1] Repeated to Rangoon and Taipei.

[2] The text of the draft tentative agreement was sent in telegram 2365 from Bangkok, May 26. It provided that when the Committee had made arrangements for evacuation of the "foreign troops" in Burma, there should be a ceasefire of limited duration to permit them to move to designated safety zones; representatives of the Committee should meet with leaders of the foreign troops in Mong Hsat to arrange details of the evacuation; all arms should be turned over to the Joint Committee at the safety zone, sealed, and, if possible, flown out of Burma; and the foreign troops should be evacuated through Thailand. (690B.9321/5-2653)

Nationalist representative further stated he needs more time study tentative agreement and also plan presented by Burmese.

Part 2. My draft tentative agreement following telegram.

STANTON

No. 76

690B.9321/5-2653: Telegram

The Acting Secretary of State to the Embassy in the Republic of China[1]

SECRET PRIORITY WASHINGTON, May 28, 1953—11:47 a. m.

985. Your 1224.[2] Chinese position on general cease fire appears amply met by draft agreement Bangkok's 2365[3] (Taipei 50 Rangoon 105) which accepted by Burmese without modification. Guiding principle is any troops disposed leave may leave in peace anywhere in Burma. Request you see Foreign Minister soonest impressing this on him and urging importance Chinese Government give its representative definite instructions accept draft agreement and expedite Committee contact with Chinese commanders of troops in Burma.

General cease fire before basic arrangements for evacuation agreed on manifestly not feasible: in areas outside Monghsat region not only scattered KMT groups subject minimum control but also insurgents with whom KMT in some cases collaborate. GOB cannot leave villages these areas defenseless and certainly cannot relax precautions until known which troops will obey evacuation orders. Number and location such troops can only be determined through consultation with their commanders.

Commanders in turn must presumably be ordered by Chinese Government through Li Mi cooperate with Committee. While recognizing Chinese Government does not exercise complete authority and orders may in some cases be ignored Department considers it essential such orders be issued as demonstration Chinese good faith and intention exert maximum influence over commanders. Direct contact between Committee and commanders imperative first step. If Chinese Government deems preliminary contact inadvisable

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[1] Repeated to Rangoon and Bangkok.

[2] Dated May 26; it reported that the Chinese Government rejected Burma's proposal of a temporary safety zone in the Mong Hsat area. Until a general ceasefire was put into effect, the Chinese Government considered it impossible for the Joint Committee to visit Mong Hsat, and Li Mi would not order his troops to cooperate with the Committee. (690B.9321/5-2653)

[3] See footnote 2, *supra*.

Monghsat area Committee might agree first meet representatives Bangkok or Chiengmai.

Department concerned at apparent tendency Chinese Government dissociate itself from responsibility for decisions by Li Mi and believes you should strongly emphasize danger to Chinese position in UN if demonstrable results not achieved by September UNGA. It is Chinese Government not Li Mi who will be under fire in UN. Not only should Li Mi be ordered instruct commanders cooperate with Committee immediately but he should issue written instructions his forces to return Formosa as suggested Bangkok's 2352.[4] This appears most feasible means exerting Li's influence at present. If it should prove later date his presence essential achieve satisfactory evacuation Burmese objections may be overcome.

Urge Foreign Minister take action soonest along above lines.

SMITH

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[4] Not printed.

No. 77

690B.9321/5-2953: Telegram

The Chargé in the Republic of China (Jones) to the Department of State[1]

SECRET PRIORITY TAIPEI, May 29, 1953—5 p. m.

1232. Reference Bangkok's telegram to Department 2365[2] repeated Rangoon 105, Taipei 50 and Embtel to Department 1229[3] rptd info Rangoon 28, Bangkok 30. Accompanied by Army Attaché, I had conference with Li Mi and Foreign Minister this morning as result of which Chinese Government will probably make counterproposal to establish cease-fire in territory east of Salween River, prior to visit of Communists to Monghsat. Foreign Minister was also accompanied by General Pau-Lin of MND.

Li Mi brought out his order of battle to demonstrate position of his forces. He said it was impracticable for him to accept cease-fire and safety zone in Monghsat area alone because of exposed position of his troops in north wedged between Burmese white flag Communist troops and Chinese Communist troops. The moment the news is broadcast of safety zone encompassing his headquarters, he anticipates simultaneous attack by Communist troops from both sides. Since his units are entirely supplied from Monghsat, he regards it as impracticable to cut them off from their headquarters.

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[1] Repeated to Rangoon and Bangkok.

[2] See footnote 2, Document 75.

[3] Telegram 1229 from Taipei, May 28, reported that Jones gave the U.S. "draft tentative agreement" to Yeh, who elaborated on the Chinese position of insistence on a general ceasefire. (690B.9321/5-2853)

If Burmese deem it unfeasible to effect cease-fire throughout this territory because they cannot control dissident groups, then Li Mi suggested cease-fire east of Salween be subject to two conditions:

> (1) If his troops were attacked during cease-fire, they would defend themselves;
>
> (2) His headquarters must have right to maintain logistical support of these units. However, he does not believe attack will come if cease-fire is general throughout area east of Salween, especially if conditions are made known since Communists will assume this northern area will fall into their hands like ripe plum as soon as his troops are evacuated recognizing validity of Burmese argument that general cease-fire was not feasible because of dissident groups. Li Mi said if his proposal of cease-fire east of Salween were adopted, only one additional safety zone would have to be established at later stage west of Salween to enable his troops at Tangyang to withdraw.

It was apparent during conference that in matters of implementation position of Chinese Government [will?] be largely determined by Li Mi. It also seemed evident that he had reluctantly been convinced that genuine effort must be made to evacuate his troops. He spoke of UN decision and said he realized international prestige of his government was at stake and would do his utmost to cooperate, although he himself felt that the best solution was to equip his troops and send them back to Yunnan.

Li Mi also urged that as soon as possible his own representative should work directly with committee. He would like very much to be there himself, he said, but his health still prevented. Although he looked in pink of condition, keen, alert, bright-eyed, ready smile, he said his doctors advised him it was still impossible for him to travel by plane. His blood pressure frequently soared as much as thirty degrees in one day, he said.

Foreign Minister reported he had only just received a translation of American plan outlined in Bangkok's 2365 to Department and had no opportunity as yet to discuss it with other officials of his government. I again urged that it was to the interest of his government to approve the plan and obtained the impression that he himself saw no objections—that the major hurdle was question of area involved in initial cease-fire.

Detailed report of conversation follows by pouch.[4]

JONES

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[4] Not printed.

No. 78

690B.9321/6-653: Telegram

The Ambassador in Burma (Sebald) to the Secretary of State[1]

SECRET PRIORITY RANGOON, June 6, 1953—7 p. m.

2293. McGowan[2] attended War Office conference with Ne Win and Aung Gyi[3] today. Ne Win requested personal thanks and appreciation be given Ambassador Stanton and United States representation for "splendid efforts assistance rid Burma foreign troops". Expressed disappointment Taipei has not sent key officer with authority negotiate and make decisions and hopes Colonel I Fu-de will return with concrete proposals designed speed proceedings. Hopes United States would urge President Chiang put pressure Li Mi to settle this problem. Ne Win agreeable his group sit with committee as whole but only after Taipei produces agreed plan visit Monghsat soonest. Feels essential committee talk with Chinese commanders on ground and finalize plans there not Bangkok. Ne Win stated his group authorized enter into any reasonable agreement expedite withdrawal troops from Burma but that while Burmese delegation will continue be patient in Bangkok talks unless Li Mi agreed some reasonable action within week he (Ne Win) would consider pulling out and letting United Nations take further action. Ne Win said Burma might even agree to total ceasefire provided United States could assure that Li Mi troops could be controlled which he doubted. McGowan returning Bangkok with Aung Gyi Sunday.

Comment: Burmese comment official private and press has been laudatory United States support and handling this difficult problem. Believe however it most essential Chinese Nationalist Government realize that further stalling in finding solution through Joint Committee might cause collapse this effort and refusal GUB have any further dealings whatsoever with Chinese Nationalist representatives. After recent successful presentation case in United Nations Burmese would not be loath making new charges in next UNGA and placing blame for collapse talks squarely upon Chinese Nationalist Government.

SEBALD

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[1] Repeated to Bangkok and Taipei.

[2] Col. Glenn J. McGowan, Assistant Army Attache in Rangoon, was one of the U.S. representatives on the Joint Committee.

[3] Col. Aung Gyi was the chief Burmese representative on the Joint Committee.

No. 79

790B.5/6-853: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, June 8, 1953—5 p. m.

2298. Embtel 2094.[2] Have received note from Foreign Minister June 5[3] stating Government Union Burma desires "defense forces have regular source of supply of arms, ammunition and other warlike stores" and formally requesting their purchase on reimbursable basis and accepting four specific commitments listed Deptel 767, November 26, 1952.[4]

In acknowledging receipt will recommend arrangements be made between War Office and Army Attaché establish procedure for formulation preliminary list. Will keep British fully informed and arrange day-to-day consultation BSM all phases preparation preliminary list.

Because of objections Government Union Burma it is impossible arrange joint discussion with representative War Office and BSM but believe simultaneous separate consultations with full understanding both parties will accomplish purpose Deptel 1459.[5]

SEBALD

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[1] Repeated to London.

[2] See footnote 4, Document 70.

[3] The texts of Sao Hkun Hkio's note of June 5 and Sebald's reply of June 8 were enclosed with despatch 841 from Rangoon, June 9. (790B.5/6-953)

[4] Not printed. The undertakings were those required by Section 408(e) of the Mutual Defense Assistance Act of 1949 (63 Stat. 714), as amended.

[5] See footnote 3, Document 70.

No. 80

690B.9321/6-1053: Telegram

The Chargé in the Republic of China (Jones) to the Department of State[1]

SECRET PRIORITY TAIPEI, June 10, 1953—3 p. m.

1277. Regarding Embassy telegram to Department 1274,[2] repeated information Rangoon 35, Bangkok 37 and Bangkok's telegram

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[1] Repeated to Rangoon and Bangkok.

[2] Dated June 9; the Embassy in Taipei reported that Jones was still trying to obtain Chinese cooperation with regard to the troops in Burma. (690B.9321/6-953)

2463[3] to Department Taipei 64, Rangoon 120. Foreign Minister informed me today that Colonel I Fu-de was scheduled return to Bangkok Friday and meanwhile every effort was being exerted to clarify all doubtful points in negotiations.

Specifically, on points listed by reference telegram Chinese Government was (1) willing to accept tentative US draft proposal as basis for discussion (2) making earnest effort to work out mutually acceptable cease-fire formula. Foreign Minister has recommended acceptance of latest Burmese proposal (Bangkok's reference telegram) which Li Mi now studying. (3) working out with Li Mi practicable plan for obtaining cooperation of his troops. (4) issuing instructions to Colonel I which would enable him to move toward final solution.

Foreign Minister again assured me that Chinese Government was not dragging its feet but that it must be certain that steps it takes do not backfire resulting in accusations of bad faith. He said cease-fire area question was not so difficult as various problems connected with the actual withdrawal and disarming of troops, especially troops which might refuse to obey order to evacuate. In this connection, he mentioned that Li Mi does not consider Burmese representative would be safe in Mong Hsat even under cease-fire arrangement unless all his troops were disarmed.

Foreign Minister also raised one minor aspect of matter which should be settled in connection with overall agreement. Burmese have in custody several hundred Chinese soldiers and civilians who should be released and evacuated simultaneously.

Finally he said that President Chiang in expressing his willingness to cooperate fully in removal of troops from Burma, wished to re-emphasize his previously stated position that Chinese Government could not be held responsible for what it was unable to do and hoped that Burmese would consider issue closed after termination Committee's work.

JONES

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[3] Dated June 8; the Embassy in Bangkok reported that Aung Gyi informed McGowan of a new Burmese proposal, to be made to the Committee on June 10, to establish at least five safety zones in the area east of the Salween. (690B.9321/6-853)

No. 81

690B.9321/6-2253: Telegram

The Ambassador in Thailand (Stanton) to the Department of State[1]

SECRET PRIORITY BANGKOK, June 22, 1953—6 p. m.

2614. June 22 meeting finalized draft agreement[2] among four nation representatives evacuation plans Li Mi troops from Burma. Thailand dissented on proposition movement arms through Thailand. Effort being made government level bring them into line. Meantime alternate plan being worked on remove arms through Burma, in event Thailand stands fast their refusal. Plan in brief: Subject four government approval: from Myitkyina and Lashio by air to Thailand. Same for Moulmein areas. Balance areas by truck include Monghsat, to Tachilek thence to Thailand for air movement via Chiengmai, to Taiwan. Alternatives include air or rail to Bangkok thence by air or sea to Taiwan. Joint press release will be released 0800 June 23 giving outline tentative agreement; latter being subject approval governments concerned. Li Mi representatives expected today.

STANTON

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[1] Repeated to Taipei and Rangoon.

[2] Telegram 2624 from Bangkok, June 23, reported those points in the new draft agreement that represented changes from the U.S. draft agreement of May 26 (see footnote 2, Document 75). The major changes were three points added by the Chinese representative: (1) arrangements for the exchange of prisoners, (2) repatriation of Chinese refugees under detention in Burma on charges of collaboration with foreign troops, and (3) immediate release of overseas Chinese under detention in Burma on charges of collaboration with foreign troops. The Burmese, Thai, and U.S. representatives had not agreed to the third item. (690B.9321/6-2353)

No. 82

690B.9321/6-2953: Telegram

The Ambassador in Thailand (Stanton) to the Department of State[1]

SECRET PRIORITY BANGKOK, June 29, 1953—2 p. m.

2671. Yesterday Colonel I brought General Li Tse-fen and two other KMT generals my house for long informal conversation with Colonel Palmer, Brown[2] and myself. General Li was spokesman for group.

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[1] Repeated to Taipei and Rangoon.

[2] Aaron S. Brown, Counselor of Embassy in Bangkok. Stanton left Bangkok on June 30, and Brown became Chargé d'Affaires ad interim.

Conversation opened with extended dissertation by General Li covering historical background presence KMT troops in Burma. Said approximately 1600 troops had entered Burma originally and this number since reduced by casualties, other causes. However, various arrangements had been made with Shan peoples, Was, Mons, Kachins and Karens which resulted in organization larger forces which he described as "allies". Stressed anti-Communist ideology purposes these forces. In his opinion United Nations resolution re evacuation was illegal since no investigating commission had been sent by United Nations to make study on ground before taking its "hasty" action of last April, and in this connection he recalled despatch League Nations Commission to Manchuria following Japanese aggression in 1931. . . . Said "small" number might be willing go Taiwan and he himself and other two officers willing go if ordered but they much concerned about leaving behind local peoples with whom they allied. Finally, he read to us declaration addressed to Secretary Dulles which he asked me to take to Washington. In substance paper covered above points and set forth conditions which have to do with far-reaching measures for protection by Burmese Government of "allies" left behind.

In reply I attempted to set him straight, stressing sovereignty Burma and significance of concerned United Nations action this problem. Emphasized in particular great importance this matter to Chinese Government and pointed out if no action taken, serious complications would arise affecting not only their government but also their troops in Burma. Urged them as patriotic soldiers China to come out and go to Taiwan where they could participate more effectively in anti-Communist efforts their government. I said not only impossible for Joint Committee discuss political questions raised but also would be noted by US Government with "pain". Emphasized that evacuation is wish his government. Written declaration with translation will be transmitted to Department. Urged most strongly that they consider what he [*I* ?] had said and prepare begin to move at least some of their troops since this only peaceful practical solution.

Comment: Conversation at all times friendly, but I was firm and frank, and indicated deep disappointment their attitude. Clear evidence their conversation results physical and mental isolation in Kengtung. Obvious General Li is spokesman for group. Also appears from their remarks that General Li Mi somewhat in background and perhaps of minor importance their thinking. Although foregoing sounds discouraging it was to be expected that they would defend their action and try make case for same. I may be mistaken but I feel that problem is not hopeless and that after further consideration and action on following recommendations at least some of the troops may well come out.

Recommendations

1. Suggest that Secretary send message to Brown saying that summary their written declaration telegraphed by me to Secretary. Secretary might say that he is instructing Brown to tell General Li in reply that the political statements set forth are absolutely unacceptable and impossible of consideration. Rest of message might be along lines of my oral reply, urging them move out troops in accordance wishes Chinese Government and that consequences for their government likely be serious if they do not. Reason for this suggestion is desirability giving General Li quick answer from high United States quarter and thus reduce stalling tactics.

2. Urge that Chinese Government bring strongest pressure to bear on General Li and his group through Colonel I or otherwise to cooperate with committee and begin evacuation.

3. Suggest Embassy Taipei be instructed request that General Li be called to Taiwan by his government for receipt oral instructions from Generalissimo. Conversation with Foreign Minister Yeh would also be most timely.

In meantime we will emphasize to Burmese Ambassador and committee representatives that solution along lines agreed plans still possible, and that United States Government will continue exert best efforts.

STANTON

No. 83

690B.9321/6-2953: Telegram

The Secretary of State to the Embassy in Thailand[1]

SECRET WASHINGTON, July 1, 1953—2:31 p. m.

6. Your 2671 repeated Taipei 94, Rangoon 155.[2]

Part I. For Brown. Inform Li Tse-fen Ambassador Stanton has telegraphed summary his written declaration to Secretary and you directed reply that political statements and conditions absolutely unacceptable and impossible of consideration. UN resolution censuring violation Burmese sovereignty was passed without dissenting voice after careful deliberation and represents world opinion. Point out Chinese Government pledged UN its utmost cooperation toward withdrawal and is thus committed. US Government as good friend of Chinese Government is perturbed at prospect serious consequences to Government China as well as to Chinese troops in Burma if efforts to carry out UN resolution fail through intransigence leaders these troops. As patriots they should accept repatriation to Formosa where can make valuable contribution to anti-Communist cause.

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[1] This telegram and telegram 2671, *supra*, were attached to a memorandum of June 30 by U. Alexis Johnson addressed to the Secretary, but there is no indication that he ever saw the memorandum or the attachments. (690B.9321/6-2953) The telegram was cleared for the Secretary by Deputy Under Secretary Matthews; also sent to Taipei and repeated to Rangoon.

[2] *Supra*.

Part II. Taipei take action recommendations 2 and 3 reftel. If recall Li Tse-fen not feasible, ensure strongest instructions sent him soonest indicating unequivocally evacuation is wish of Chinese Government and Generalissimo personally.[3]

DULLES

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[3] On July 1, the Embassy in Taipei reported that Rankin had that day asked Chiang to have Li Mi instruct his representatives in Bangkok to cooperate with Colonel I and other members of the Joint Committee; Chiang promised to do so. (Telegram 1; 690B.9321/7-153)

No. 84

690B.9321/7-353: Telegram

The Chargé in Thailand (Brown) to the Department of State[1]

SECRET PRIORITY BANGKOK, July 3, 1953—5 p. m.

35. In informal conversation this morning with Li Tse-fen and associates I gave him message contained in part I, Deptel 6,[2] covering all points firmly and unmistakably. In reply General Li requested transmission further appeals and requests for consideration to Secretary. I was finally able convince him such action absolutely out of question. While visibly disturbed he accepted answer as final. I then emphasized vital importance to his government that he carefully reflect on considerations which we had placed before him. In course these remarks he repeated that he and his associates here would themselves obey orders of Li Mi to go to Formosa. While he refused to estimate how many others would accept evacuation he did indicate that Chinese troops in Burma acknowledge authority of Li Mi.

Comment: While Li Tse-fen and others do not deny they are patriotic soldiers of China it is clear from both conversations that they regard themselves and their troops in some special status. They accepted in good part my suggestions that they deal directly with Colonel I and other representatives their government, but made no commitments. In spite somewhat emotional outbursts on their part during conversation, it closed on friendly note. I think instructions from Li Mi (Taipei telegram 2, repeated Department 6, Rangoon 2)[3] and despatch General Li Wen-pin and party earliest will be most timely. Foreign Office today promised send authority immediately to Taipei for issuance visas.

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[1] Repeated to Taipei and Rangoon.

[2] *Supra.*

BROWN

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[3] Dated July 3; it reported that Chiang instructed Li Mi to instruct Li Tse-fen to cooperate with Colonel I and that the Chinese Government was going to send Lt. Gen. Li Wen-pin with two other officers from Taipei to act as Li Mi's personal representative in dealing with the Joint Committee. (690B.9321/7-353)

No. 85

690B.9321/7-2353: Telegram

The Chargé in Thailand (Brown) to the Department of State[1]

SECRET BANGKOK, July 23, 1953—5 p. m.

191. From Brown and Sebald. Following contains results our careful review Joint Committee negotiations to date:

Three principal points remain for solution: Chinese civilian internee problem; Thai unwillingness assume transport expenses; and whether Chinese will agree evacuation, how many and when.

We believe first two problems can be settled by negotiation. Third problem is crux of matter and we base our conclusions below on full discussion with US representatives, Colonel I and Colonel Chatichai[2] (Thai representative).

On basis Chinese actions to date, we conclude deliberations of Committee have now reached critical stage where further meetings will perforce be primarily for purpose avoid complete breakdown. We have impression Chinese Government has sent strawmen who lack authorization make firm decisions and whose actions are inhibited by what appear to be instructions to delay. One cannot help feel Chinese generals on one hand and Taipei on other are throwing ball back and forth in endeavor postpone positive action.

In meantime, as Department aware, Burmese are proceeding with plans for presentation their report UNGA in September session. We, nevertheless, believe it essential Committee continue its deliberations, regardless how ineffective results might be, until that time in order minimize possibility placing onus on US Government for not having done utmost assist on good offices basis find practical solution.

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[1] Repeated to Rangoon and Taipei.

[2] Col. Chatichai Choonhaven.

Taipei's 45, last clause,[3] suggests hopeful development but on basis previous similar assurances we are not sanguine these instructions will be carried out or wholeheartedly followed by local Chinese representatives. It seems to us problem cannot be solved unless some more effective means found by Chinese Government enforce its stated policy. We suggest President Chiang's orders given either to Li Mi or to jungle generals through Colonel I as Chinese Government representative be unmistakably firm and clear that Committee's evacuation plan must be complied with to maximum possible extent. Should this fail, Department might wish consider requesting Chinese Government completely disavow any connection whatsoever with so-called KMT troops in Burma.

We are gratified with excellent and persistent work performed Colonel Palmer and US Army members his representation. We believe that they have done everything which can be done bring about solution but that they must have stronger political support vis-à-vis Chinese Government.

BROWN

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[3] The last clause of telegram 45, July 20, stated that, according to Foreign Minister Yeh, Li Mi sent new instructions to Bangkok designating Li Wen-pin as his representative and instructing the latter to carry out President Chiang's instructions to cooperate in withdrawing the largest possible number of troops. (690B.9321/7-2053)

No. 86

690B.9321/7-2453: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, July 24, 1953—4 p. m.

89. I called on Acting Foreign Minister Kyaw Nyein late yesterday at his request discuss KMT problem. Kyaw Nyein asked what I learned on my visit Bangkok, saying GUB feels committee unable make further progress. I explained complexity of situation on Chinese side in view some divergence opinion between [Chinese] government represented by Colonel I, jungle generals and General Li Wen-pin. Some delays inevitable but assured him all interested parties doing everything possible convince KMT leaders accept and

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[1] Repeated to Bangkok and Taipei

implement agreement formulated by committee. Also mentioned minor difficulties pertaining Chinese civilian internees and apportionment costs.

Kyaw Nyein said latter two problems appeared not difficult but real question was whether Chinese Government sincerely cooperating in endeavor repatriate troops. Said GUB firmly convinced Chinese Government has cleverly given appearance doing everything possible assist but in fact has made decision not withdraw troops. In consequence he was thinking advising National Defense Council (which met last night) announce deadline to committee for implementation agreement failing which Burmese representative would withdraw. Felt GUB should simultaneously issue public statement its conclusion re failure Chinese Government cooperate.

I said my conclusions re situation was one of subdued optimism as I felt committee just beginning come to grips with problem repatriation and that further time required convince KMT leaders implement agreement. Should GUB withdraw from committee all hope for solution would disappear. Consequently I felt it essential Burmese representative continue assist other committee members in resolving problem. Also strongly advised against public statement. Kyaw Nyein countered by saying UNGA being convened mid-September and that sooner or later decision must be reached re Burmese preparation of report in accordance UN resolution. As little time left he felt necessary set time limit. I reiterated further arguments as above and suggested withdrawal from committee would be tactical error. I feel he will respond favorably and that Burma will not withdraw.

Continuing, Kyaw Nyein said he felt it necessary GUB plan ahead as it now appears probable even after report to UN KMTs will not have withdrawn. Said he had been thinking in terms making some sort arrangement with CPR, perhaps "non-aggression pact" under which CPR would assist GUB in driving out KMTs, CPR doing the fighting in connivance with Burmese Army. I asked who would then drive out Chinese Communist troops to which he replied "we would if necessary appeal UN and start merry-go-round all over again".

I said this was dangerous line of thought and felt sure he knew it to be so. I hoped he was not speaking seriously. He replied was entirely serious but had not and would not make this proposal to his colleagues at present time. He thought, however, that out of desperation if committee and UN failed something must be done.

I again counselled utmost patience and continuation negotiations which must of necessity break down should Burmese delegate withdraw and assured him US doing everything possible insure success committee's work to which Kyaw Nyein said GUB most appreciative efforts US Government but unfortunately logic of situation is such US probably gone as far as it can vis-à-vis Taipei Government and still has obtained no positive results.

Comment: I do not take too seriously Kyaw Nyein's remarks re accommodation with CPR in view his known stand against communism and all it represents. However it is possible his remarks reflect thinking some his Cabinet colleagues . . . and for this reason suggested line of action if KMT problem not resolved should not be entirely dismissed. Kyaw Nyein has previously been entirely frank and honest with me and I believe he is shrewd enough realize he cannot impress me with remarks that could so easily be construed as pressure.

SEBALD

No. 87

690B.9321/7-2553: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

SECRET WASHINGTON, July 28, 1953—1:01 p. m.

67. Reference Bangkok telegram sent Department 216 repeated Taipei 22 Rangoon 27.[2] Concerned apparent reluctance Chinese Government exert maximum effort carry out UNGA pledge cooperate fully attempt repatriate Li Mi forces. Believe imperative Chinese take all possible steps soonest end confusion surrounding Chinese participation Bangkok Committee and seek earliest possible flow maximum number repatriates. You are requested bring matter personal attention Chiang soonest emphasizing following.

1. Continued dilatory and inconclusive Chinese Government action will greatly increase jeopardy Chinese Government's UN position. Real danger would exist Government of Burma might be successful September session UNGA in forcing adoption resolution strongly condemning Chinese Government thus providing additional impetus for concerted effort by unfriendly members unseat Chinese Government and seat Communist China. Efforts US and other friendly governments support Chinese Nationalist position would be undermined by seeming failure Chinese Nationalists comply in good faith with UN commitment. Imperative Chinese Government fortify by favorable record of cooperation its moral right remain spokesman for China in UN.

2. Actions listed below considered immediately possible and desirable and are urged upon Chinese Government:

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[1] Also sent to Rangoon; repeated to Bangkok and USUN.

[2] Dated July 25; it reported a conversation with Colonel I, who told Brown that Li Tse-fen had received instructions from Li Mi to go to Taipei. (690B.9321/7-2553)

(a) We understand Li Mi has ordered Li Tse-fen Formosa. Obedience this order would facilitate exercise Chinese Government control forces Burma and support Bangkok Committee. Urge Chinese instruct Li Tse-fen arrange Committee visit Monghsat soonest and authorize Col. I accept evacuation plan prepared Committee, reserving Chinese position re civilians Burma.

(b) Authorize Col. I propose to Committee early repatriation appeal to Li Mi troops pamphlet air drop backed by personal order Chiang and endorsed by Li Mi.

(c) Authorize Col. I propose that Committee immediately following signature agreement proceed Monghsat area to perfect withdrawal arrangements.

(d) Take immediate steps curb press statements and other actions Li Mi which hampering repatriation effort and encouraging intransigence Monghsat leaders.

(e) Prepare utilize US funds offered support project (Bangkok telegram 11 Taipei 13 Rangoon)[3] and authorize Col. I communicate promise to both Committee and forces in field.

Early conversations planned Ambassador Koo and T. F. Tsiang UN stressing necessity early action by Chinese.

Rangoon authorized inform Government of Burma US making strong appeal Chinese Government for early action accept and implement Bangkok Committee plan.

DULLES

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[3] This telegram, sent to the Department as 123, concerned a plan to offer each evacuee a payment of $20 as an inducement to evacuate, the money to be provided by the United States, and the payment to be supervised by the Joint Committee. (690B.9321/7-1553)

No. 88

790B.5/7-3153: Telegram

The Ambassador in Burma (Sebald) to the Department of State

SECRET RANGOON, July 31, 1953—5 p. m.

107. Limit distribution. Subject: Reimbursable arms procurement.

War Office has handed lists arms requirements respective Embassy Service Attachés in accordance phase II Deptel 1459.[1] In some respects original lists unrealistic but subsequent discussions with Burmese should result in reducing requests to realistic proportions. Burmese envisage building defense forces to point where (a) they could liquidate insurrections and (b) eventually expect conduct holding action against external aggression specifically Red China. Planned Burmese defense establishment appears to us within Burmese capabilities after period of technical training and development maintenance facilities.

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[1] See footnote 3, Document 70.

During past week complete and frank discussions concerning lists have been held on service level with BSM. General impressions gained by three Attachés is that BSM adopting completely negative attitude toward Burmese aspirations that British will advance view Burmese requests are inflated, impractical and ridiculous and that GUB should be unable maintain desired equipment. It also appears probable BSM will delay its recommendations to us for formulation final list until some decision reached with Burmese re new BSM agreement.

As we see British attitude toward question it reflects basic desire limit strengthening Burmese armed forces for various political reasons. We therefore believe it unlikely any satisfactory solution can be reached at service level and consider problem political one requiring high level Anglo-American agreement on mutual objectives this area.

Burmese War Office has informally indicated desire (1) increase number trainees US service schools and (2) obtain US technicians work with Burmese forces for training and maintenance instruction for American equipment which they hope purchase. We also believe Burma does not desire continue BSM as such and that any new agreement with UK would be on limited scale and based on concept similar (2) above. It appears clear that GUB desires disentangle self from dependence upon British its armed forces for training and supply and that they greatly prefer closer cooperation with US this regard being convinced only US able assist them build their forces to adequate strength. From Burmese viewpoint arrangement with British been unfortunate and unsatisfactory and they have time and again evinced considerable impatience and frustration with BSM in attempting obtain what they consider minimum support on reimbursable basis.

We foresee considerable danger to our friendly relations with Burma should Burmese approach to US be unproductive. Should Burmese be rebuffed in their endeavor strengthen armed forces through US or British the possibility exists they might approach Communist bloc to exclusion both UK and US. At same time we are aware danger Burmese playing British against US and vice versa. We consider it important that we avoid appearance of undercutting British or encouraging Burmese discontinue BSM which as indicated above we believe will in any case be discontinued. However, we believe it essential in interest of free world that US or UK take immediate steps strengthen Burmese armed forces.

Service Attachés keeping respective Departments informed concerning progress negotiations formulation final lists.

Department may wish repeat London.[2]

SEBALD

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[2] Telegram 605 to London, Aug. 3, repeated the text of this telegram and requested the Embassy's comments. (790B.5/7-3153)

No. 89

690B.9321/8-653: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State[1]

SECRET TAIPEI, August 6, 1953—6 p. m.

84. Reference Deptel 67 repeated Rangoon 66 Bangkok 201;[2] Embtel 78 repeated Bangkok 11, Rangoon 11.[3] Foreign Office memo received August 6 in reply our memo[4] based on referenced Deptel answered lettered paragraphs that telegram as follows:

a. During past few days Chinese Government has been able impress upon Li Tse-fen and other leaders Chinese forces in Burma its determination bring about maximum troop withdrawal. Chinese Government also obtained assurance these leaders will "exercise utmost efforts to bring about desired evacuation." Li Tse-fen will return Bangkok soon to participate in four power conference and work out feasible plan for evacuation. As far as Chinese Government concerned question of civilian internees only problem remaining be solved before over-all agreement can be reached. Chinese Government originally proposed and still believes these civilians should be released. Yet Chinese Government willing in order facilitate committee work to accept Thai compromise proposal of voluntary repatriation with those electing remain to be dealt with according Burmese law. In opinion Chinese Government this question clearly within competence committee because without presence Li Mi forces these overseas Chinese would not have been interned. (They are charged with collaborating with Li Mi which Chinese say consisted of selling him supplies.) Hence Chinese Government urges US Government reconsider its stand on this question and seek agreement Burmese Government to resolving issue in committee along lines Thai compromise. Bilateral negotiation difficult since Chinese Government and Burmese have no diplomatic relations.

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[1] Repeated to Bangkok and Rangoon.

[2] Document 87.

[3] Dated Aug. 4; the Embassy reported it learned that a top-level Chinese Government meeting, at which Li Mi and Li Tse-fen were present, had resulted in telegrams being sent to Mong Hsat stating that between 2,000 and 3,000 troops must be evacuated. (690B.9321/8-453)

[4] Neither printed.

b. Chinese Government regrets not being able consider issuance personal order from President urging Li Mi forces withdraw from Burma. Forces under Li Mi are local inhabitants Yunnan–Burma border areas united by will to fight Communists. An order for their withdrawal from area besides being *ultra vires* is bound to meet strong opposition. It would not be reasonable expect President to give order beyond competence and to which he cannot expect obedience. Chinese Government has requested Li Mi to issue such an order to his forces but request was rejected. Li Mi has agreed however to issue statement dissolving Yunnan People's Anti-Communist and National Salvation Army upon evacuation of those among his troops willing to leave.

c. Chinese Government will authorize Colonel I Fu-de propose that immediately following signature of agreement committee proceed Mong Hsat to make final withdrawal arrangements.

d. Chinese Government has already secured Li Mi's promise not to make any further press statement or take action liable obstruct work of committee.

e. While appreciative proposed utilization funds equivalent US $20 per evacuee, Chinese Government cannot make offer as if it was their own and does not believe offer would be any inducement to those opposed to evacuation. On other hand those who can be persuaded will come without pecuniary inducement.

In effort persuade troops to withdraw Chinese Government has promised they will retain entity as separate unit within forces on Formosa unlike forces from Indochina which have been dispersed among regular units here. This connection Chinese Government wishes recall conversation March 6, 1953 between Under Secretary Smith and Ambassador Koo[5] in which former reportedly said US Government prepared assist Chinese Government in establishing two new divisions out of troops returning from Indochina and Burma by providing arms and equipment. Chinese Government would like to take up this question at later date when number evacuees from Burma becomes known.

RANKIN

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[5] See Document 43. Telegram 10 to Taipei, Aug. 12, pointed out that the Under Secretary had referred to possible U.S. assistance to re-equip the troops returning to Formosa but had made no specific commitment. (690B.9321/8-653)

No. 90

790B.5/8-453: Telegram

The Acting Secretary of State to the Embassy in Burma[1]

SECRET WASHINGTON, August 21, 1953—6:49 p. m.

118. Your 107,[2] London 509 repeated information Rangoon 6.[3]

1. Department concurs generally penultimate paragraph your 107 but would wish your views on following considerations before London Embassy discusses subject with UKG:

a. UK–Burma military agreement presently gives BSM opportunity exercise degree influence over size and mission GUB armed forces. UK presumably aware limitation this leverage.

b. Generally speaking Service attachés consider GUB military planning taking place within reasonable framework and "within GUB capabilities after period technical training and development maintenance facilities." On long lead items particularly we assume GUB would make provision for such training and maintenance since GUB principal loser in absence such provision.

c. US recognizes value BSM as training organization and hopes that UK–Burma relationship be maintained, but Department considers any impression US endeavoring pressure GUB into undesired military relationship UK by manipulation US reimbursable military assistance must be avoided.

d. US attitude GUB should indicate we are not using reimbursable military assistance as lever or establishing policy conditions precedent our selling arms to Burma. In practice scrupulous adherence this attitude should not lessen and may indeed increase solicitation of advice from Service attachés by GUB thus broadening base mutual confidence already achieved.

e. Cost to GUB of expensive equipment should act as most effective brake on impractical requests, and unavailability should be used only sparingly as excuse for non-supply unreasonable items. It seems important that limitation in arms received by GUB be in last analysis primarily GUB ability to pay if we are to avoid GUB impression that either alone or in conjunction with UK we are endeavoring pressure GUB into our mold. Present western orientation GUB military thinking should be encouraged.

2. For early US action it would seem important that presently known UK views regarding GUB arms list be transmitted without delay and that US be placed as soon as possible in position inform GUB on availability and price of requested items.

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[1] Repeated to London.

[2] Document 88.

[3] Dated Aug. 4; it commented that the problem presented in telegram 107 from Rangoon required a governmental rather than a service level solution with the British and suggested that the Embassy sound out the British Foreign Office on the subject. (790B.5/8-453)

Without at present voicing to UK considerations discussed above, request you pouch to Department present GUB requests for all Services with attaché comments indicating as best you can those items which:

a. UK prefers to furnish and is ready to furnish.
b. UK is not willing to furnish but which it has no objection to our furnishing.
c. UK believes should be denied either for present or permanently with its reasons.

3. We would hope that future discussions in London could include point-by-point examination of controversies not resolved on Service basis Rangoon. We would at that time hope receive full statement UK reasoning and its acceptance general considerations set forth in (1) above.

Smith

No. 91

690B.9321/8-2253: Telegram

The Chargé in Thailand (Brown) to the Department of State[1]

SECRET BANGKOK, August 22, 1953—1 p. m.

389. Summary of unresolved questions facing Embassy and US committee representatives believed useful this stage.

1. US company grade officers required on control teams to assist representatives other delegations supervise evacuation and disarmament. (Embtel 155, July 18)[2] Until final evacuation plan approved government level number personnel required cannot be determined. Believe US good offices should be extended to include one representative each control team. Alternative plan V, if adopted, should mean number teams reduced compared earlier plans.

2. In view relatively favorable report from Shao[3] (Embtel 378, August 20 to Department)[4] Monghsat visit committee no longer ap-

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[1] Repeated to Taipei and Rangoon.

[2] Not printed.

[3] Dr. Shao Yu-lin, adviser to the Chinese Ministry of Foreign Affairs and to President Chiang Kai-shek, had been sent to Mong Hsat as Chiang's personal representative; he had arrived in Bangkok with Li Tse-fen on Aug. 8 and had left Bangkok for Mong Hsat on Aug. 14.

[4] This telegram reported that the troop leaders in Mong Hsat sent a message through Li Wen-pin that 400 troops and 100 dependents planned to evacuate before the end of August. The next group, of unknown number, would not be ready until 2 or 3 weeks later because of the difficulty of movement. The message set out five conditions for evacuation; in particular, the Committee should guarantee an immediate ceasefire by Burma and the men, their arms, and their ammunition should be airlifted to Taipei. (690B.9321/8-2053)

pears required or advisable. Chinese refuse guarantee safety Burmese representatives whereas we have maintained representatives entire committee should go or none. We have little time to spare and delay involved in overland trip not justified as concrete results not assured. Further, work of sub-committee entering critical stage of developing final plans in conjunction with representatives foreign forces. Believe with Shao in Monghsat final withdrawal arrangements can be made by committee in Bangkok and that committee justified limiting entrance into Burma to easily accessible Tachilek safety zone area. While Department's insistence on trip was well justified (demonstrate stubbornness Li Mi's forces to Burma) new instructions re dropping tentative plans committee visit Monghsat now requested.

3. Embtel 382, August 21.[5] Thai commitment on sharing costs evacuation limited two million baht. Formal reply my note to Foreign Minister August 8[6] not received but several discussions indicate Thai will refuse commit themselves pay more. While giving lip service ideal sacrifices to cause peaceful settlement disputes they are firm in stating they do not feel obligated pay anything and two million is, therefore, adequate contribution. We forced admit financial stringency Thai Government at time when export returns falling and it is faced with increasing military expenditures meet external threats. Appears cost alternate plan V proposed by Thai representatives for overland evacuation Tachilek to Chiengrai approximates 930,000 baht. Whether balance of 2 million baht would be applied to airlift is problematical. Thai have said nothing on cost of proposed improvement Chiengrai field with pierced steel planking to make operational for C–46 aircraft in support of alternate plan V. We well aware arguments against expensive airlift, but must consider negotiation delays necessarily involved if we attempt with no assurances success persuade Thai accept overland movement to Bangkok. Obviously time is very short. Our cost figures Chiengrai–Formosa airlift based on movement 3,000 but appears probable fiscal figure will be considerably less.

4. Question overseas Chinese unsolved. Chinese Nationalist representative will not sign draft tentative agreement or evacuation plan until question satisfactorily settled. US representative has maintained question outside committee scope but would consider if Burma and China agree. Burma refuse discuss committee level.

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[5] Telegram 382 reported that at a Committee meeting on Aug. 20, the Thai representative presented alternate evacuation plan V, which provided for transporting the troops by land to Chiengrai and thence by air to Formosa; the Thai Government insisted on this in order to avoid the movement of the troops through Bangkok. (690B.9321/8–2153)

[6] Not printed.

Agreement reached prisoner and Chinese refugees with details incorporated into evacuation plan.

5. Taipei's 109 to Department.[7] Li Mi statement Americans have said nothing evacuation Monghsat is at variance with facts. Evacuation Monghsat insisted on by Burmese and provided for evacuation plan and draft tentative agreement which have not been signed by Chinese Nationalist representative. With evacuation on volunteer basis, there is no assurance that any area will be completely evacuated. Problem will come up in sub-committee conferences with Monghsat representatives near future.

6. *General comment:* While assurances Colonel I and Li Wen-pin some of Li Mi troops ready evacuate, subject certain conditions, and that first group 500 will come out probably followed by other groups similar size are gratifying, we are, of course, clearly aware that Chinese may be giving in this extent in hope this limited performance will suffice protect them in forthcoming UNGA session. In light other evidence stalling, etc., they may well have no intention bringing out any more troops. Major question, therefore, is whether we set plan in motion on basis these limited assurances. Burmese may well answer in negative when matter reaches committee in next few days.

Recommendations:

1. US should make available limited number control team officers.
2. Tentative plans committee visit Monghsat should be dropped.
3. US representative should support Thai-proposed alternative plan V airlift Chiengrai–Formosa and obtain Thai agreement contribute to airlift.
4. Our position re overseas Chinese be maintained until solution reached possibly along lines Rangoon's 152, August 20[8] to Department.
5. US representatives should continue support Burmese in getting all possible assurances re evacuation Monghsat area.

In general, I believe we should accept limited Chinese assurances at face value setting plan in motion as quickly as possible, but emphasizing to Chinese at every step that token evacuation some 500 or 1,000 will have only limited effect on success their case in UNGA.

Brown

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[7] Not printed. (911.6294A/8–1953)

[8] This telegram commented that Sebald thought the Burmese could be persuaded to accept a Thai compromise plan providing that Chinese civilian internees desiring repatriation could return to Formosa but that others would be treated in accordance with Burmese law. (690B.9321/8–2053)

No. 92

790B.5/8–2753: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, August 27, 1953—5 p. m.

178. Following Embassy's views re numbered paragraphs Deptel 118.[2]

(1a) Influence exercised by BSM now strictly limited and efforts use BSM as lever cause serious resentment on part Burmans reflected in desire terminate advisory function BSM and find alternate supply sources. UK appears overestimate effectiveness this leverage and not fully realize deep resentment it causes.

(1b) Although GUB does not fully appreciate necessity for training and maintenance according our standards, our Attachés believe Burma will seek technical advice and training on *ad hoc* basis being careful avoid any arrangement which might permit foreigners exercise influence on military planning or policy. Added equipment would also probably provide incentive expand training and maintenance to protect heavy GUB investment.

(1c) Fully agree with Department's objectives but our insistence on consulting British re procurement list has already unavoidably created some impression we attempting bolster British position notwithstanding Burmese apparent desire disentangle themselves from British. Present BSM training activities of extremely limited scope and value.

(1d) Fully agree Department's views.

(1e) Fully agree. Unfortunately GUB has only vague idea of cost of desired items and War Office has somehow formed impression that equipment will be sold by US at nominal price, e.g. 10 cents on dollar. Department's views appear at variance with those manifested by British which indicate basic desire limit equipment Burmese forces according British conception their needs and capabilities rather than according to willingness and ability GUB to pay.

(2) Air Commodore Ward of BSM called at Embassy August 26 and although unable supply information desired paragraphs 2 a, b, c gave British views in general terms pending detailed study of lists in London. Left memo which says Burmese requests are "entirely accordance actual requirements" of ten duplicate requests already made of British, and would cause undesirable mixing British and American equipment. Adds "British continue regard Burmese as traditional customers particularly in respect requirements for armed forces, and willing, able meet almost all Burma's real needs. She would, however, hope for and indeed welcome sale from America those requirements which she unable meet either because no British equivalent or because urgent need early delivery which she cannot achieve."

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[1] Repeated to London.

[2] Document 90.

Memo states British can meet most if not all naval requirements but considers requests far in excess of needs and cost well beyond means. Of army requirements, British can supply equivalent most items within "reasonable period" although "in some respects unable match US delivery dates". Re air requirements British can supply equivalent most US types and delivery dates probably favorable.

Although Ward had not seen latest GUB reduced lists it apparent that British now willing agree supply practically entire quantities requested in effort maintain present favored position. We believe, however, that in light past British delaying tactics this mere agreement will not deter GUB from seeking new sources.

In view adverse reaction GUB if US refuses satisfy Burmese desire to establish additional source of supply, believe we should make every effort induce British agree to reasonable list equipment to be supplied by US even if British could furnish. This should especially include items in which US has comparative advantage in quality price of ready availability.

Service attachés submitting latest preliminary lists received from War Office and copies being pouched for Department's information with Embassy's comments.[3]

SEBALD

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[3] Not printed.

No. 93

690B.9321/8-3153: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, August 31, 1953—noon.

190. Deptel 166 to Singapore.[2] First Secretary Foreign Office told Embassy August 29 in conversation for which he had apparently been briefed by Kyaw Nyein that GUB has confirmation from "western diplomatic sources Bangkok" which GUB considers unimpeachable that regular air supply to Mong Hsat "via Mesai and Chiengrai (or Chiengmai) air strips" has been maintained throughout monsoon. Says sources gave GUB data make planes, companies involved and other specific details. Refused elaborate further.

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[1] Repeated to Bangkok, London, Singapore, and Taipei.

[2] Dated Aug. 28; it replied to a report from Singapore that an unmarked DC-6 had landed in Mong Hsat with supplies after June 22. The Department replied that the report was unconfirmed, and it believed the Chinese Government was honoring its promise to suspend such flights. (790.00/8-2753)

August 26 Sawbwa Kengtung told Embassy flights still coming into Mong Hsat, sometimes two or three per week.

SEBALD

No. 94

690B.9321/9-853: Telegram

The Ambassador in Thailand (Donovan) to the Department of State[1]

SECRET BANGKOK, September 8, 1953—9 a. m.

473. Part 1.

New evacuation plan nearing final agreement provides:

(a) Evacuation on foot to Tachilek safety zone through safety corridors; mutual ceasefire in area through which latter pass. PW and refugees airlift to Chiengmai.

(b) Evacuation via motor Thailand border to Lampang; air thence to Chiengmai (C4 Seeak) and thence Taiwan (C46). *Note:* Latter change proposed September 7 by Thailand after Cabinet meeting. Chiengmai airfield flooded, not available until early November.

(c) Evacuation arms Burma to Taiwan by air or sea (Rangoon).

(d) Foreign forces to move in groups of 500. Cost [garble] to be forwarded after new Thailand plan finalized. Complete new plan to be airmailed upon final agreement and signature.

Part 2.

Paragraph 5a (11) new evacuation plan states "occupation of principal areas in Shan states sector by Union of Burma troops: Union of Burma troops will march in and occupy principal areas namely Mong Ton, Mong Hsat, Mong Yawng, Mong Mao, Mong Yang and Pang Yang as soon as foreign forces march out. Union of Burma troops will advance toward such areas along routes other than those routes used by the foreign forces so as to comply strictly with paragraph 5a (6) of this plan. Time for evacuation of foreign forces and subsequent occupation by Burmese troops will be synchronized, through coordination of Joint Committee, between Burma and foreign forces so as avoid any vacuum or incidents in above mentioned areas".

Chinese Nationalist representative proposed September 1 that names of places above be deleted from plan, stating Chinese Nationalist Government unable ascertain location foreign forces those areas. On September 7 Burma refused accept Chinese Nationalist statement and said occupation of named places by GUB troops and information on number of personnel to be evacuated both essential to success committee. Thailand agreed with Burma. US representative made statement in substance as follows: "Original evacuation plan specified Union of Burma troops will occupy principal areas such as Mong Ton, Mong Hsat, Mong Yawng, Mong Yang, Pang Yang and Mong Mao. In view time has elapsed, with no indication from China that specified areas should be stricken from agreement, move by Chinese representative on September 1 to remove names of these places from paragraph 5a (11) of agreement can only be viewed as another delaying tactic. This move, coupled with fact that Chinese representative has only named one figure of evacuees (namely 500), in spite of repeated requests by members this committee, who need estimate number of evacuees involved for proper staff planning, leads one have serious doubts as to Chinese intentions and indicates possibility Chinese side intending make token evacuation in attempt give lip-service UN resolution meanwhile endeavoring retain control Burmese locations named in paragraph 5a (11) of new evacuation plan agreed to in sub-committee by four nation representatives and leaders of foreign troops. Chairman again requests Chinese side inform committee approximate number foreign troops and dependents who will be evacuated, which needed for proper staff planning".

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[1] Repeated to Taipei and Rangoon.

Chinese Nationalist representative then made strong protest and denial US representative's statement. Said allegations unfounded, would report statement his govt and request matter be taken up by govts US–China.

Immediately following above exchange, Chinese Nationalist representative asked for another meeting 4 hours later. At latter, he proposed Mong Ton and Mong Hsat remain in plan and other places be deleted. Burma took under consideration. *Comment:* If Burma accepts, and China gives approximate number personnel to be evacuated, anticipate early agreement, and, upon respective governments approval and allocation of funds, evacuation can begin. US representative made above statement after full consideration by Embassy in effort stir Chinese to quicker action.

DONOVAN

No. 95

690B.9321/9–1253: Telegram

The Ambassador in Thailand (Donovan) to the Department of State[1]

SECRET BANGKOK, September 12, 1953—3 p. m.

498. Part 1. Reference Part 1, Embassy's 473.[2]

Consultation with CAT[3] and Thai representatives indicates Lampang Airfield suitable C–46 operation with steel planking for parkway which Thai agree put in. Committee accepted US proposal airlift Lampang–Taiwan eliminate Chiengmai.

Part 2.

Sub-committee after meeting with Li Wen-pin proposed at committee meeting September 10 changing first sentence paragraph 5a (11) (Part 2 Embassy's 473 to Department, repeated Taipei 42, Rangoon 49) to read:

> "(a) The foreign forces will notify the joint committee as soon as the foreign forces clear the principal places, namely: Mong Ton, Monghsat, Mong Yawng, Mong Mao, Mong Yang, Pang Yang.
>
> "(b) The Union of Burma troops will march in and occupy the above-mentioned places as soon as they are notified by the joint committee."

The remainder of paragraph to remain intact.

China and Thailand accepted the proposal, Burma and US deferred. Meeting joint committee September 12 US representative accepted change. Acceptance now depends on Burmese who awaiting instructions his government.

Part 3.

US representative again requested number evacuees and asked for suggestions. Burma had none. Thai stated estimate necessary. China representative stated will ask his government and repeated latter not in position to determine and chance of estimate from it remote. Also stated does not like to see item on expenditure stand in way solution.

Cost estimate based on 503,000 nearing completion by Thailand. Burma estimate awaiting information on cost shipment arms.

Comment: Appears now committee agreement on new evacuation plan approaching unless situation described in Rangoon's 216[4] to

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[1] Repeated to Taipei and Rangoon.

[2] *Supra.*

[3] Civil Air Transport, Inc., was to fly the evacuees from Thailand to Taiwan.

[4] Dated Sept. 9; it stated that press reports indicated increasing Burmese "exasperation" over the apparent failure of the Bangkok talks to produce concrete re-

Continued

Department reflected in stronger instructions to Burmese representative. It is clear Burma will not agree to implementation of plan until reasonable estimate number evacuees produced by China. Recommend strong pressure Chinese Nationalist Government obtain estimate from Li Mi and instruct Colonel I give same committee. In view various trips Burma Chinese leaders, communication facilities Li Mi and guerrillas and various Taipei telegrams, believed here that Li Mi must be able provide reasonably close estimate number evacuees. Guarded optimism may now be justified but we are concerned about recent separate conversations which Ambassador and Brown have had with Chinese Chargé in which he stated his opinion result will be only token evacuation.

DONOVAN

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sults, continuing "intentionally misleading statements" by the Chinese generals, and reports of continuing air supply. The Burmese Government had reportedly sent instructions to its delegation at Bangkok to end the talks if the Chinese did not agree to complete withdrawal. (690B.9321/9-953)

No. 96

Eisenhower Library, Eisenhower papers, Whitman file

Prime Minister Nu to President Eisenhower[1]

RANGOON, 12th September 1953.

MY DEAR MR. PRESIDENT: On the occasion of the departure of the Burmese Delegation to the 8th Session of the United Nations where they will have to report on the presence of the Kuomintang troops in our country. I take the opportunity of sending you this letter in order that a correct perspective of the situation prevailing, and a true appreciation of Burmese feelings, may be made known to you.

I shall not reiterate in detail the events of the past beyond stating that the remnants of the Chinese Army of 1942, who managed to survive Japanese attempts at their annihilation in the outlying parts of Burma, were joined by the Chinese Army that retreated from Yunnan in 1949. They have been living on the land much to the discomfort and danger of the unfortunate inhabitants.

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[1] This letter was brought to the United States by U Myint Thein, Justice of the Burma Supreme Court and head of Burma's Delegation to the forthcoming session of the U.N. General Assembly, and handed to Assistant Secretary Robertson by Ambassador Barrington. A copy is filed with a memorandum from Secretary Dulles to the President, Sept. 28. (690B.9321/9-2253)

Due to clever propaganda the opinion gained ground that these people might form the nucleus of an army that would one day enter China through Yunnan. It began in this manner and much from American sources went to them. As was expected of them, they did make a foray into Yunnan in 1951 with disastrous results to themselves. Since this set-back, in order to justify their existence, they have been propagandising themselves as an army of liberation but they liberate none and these desperate men in reality trade in opium and resort to killing our nationals for their small possessions and their hard grown grain. Our women have suffered as may well be expected.

It must be apparent to all by now that, as a force to enter China, these troops can in no way be useful or be effective. All that they have achieved is to make the people of the country suffer. They have been selling the arms that have been given to them by interested parties, to the local insurgents who pay for them with the monies that they had looted from the treasuries of the Burmese Government. This trade in arms, together with their monopoly in opium have made their leaders very rich, and at the same time they are ready suppliers of arms to the insurgents.

We have been combating them but preoccupied as we are with our local insurgents we have not been able to give them the attention that would end in their liquidation. At least they could be contained in a remote sector of Burma while we battle with the insurgents, who if they are victorious, could align Burma with the Communist Bloc.

We have tried our hardest not to involve anybody in our difficulties and it was for this reason that we suffered in silence and took no action apart from approaching the American Embassy at Rangoon to exercise pressure on the authorities at Formosa. That help came but there was no result. The situation became desperate especially with a powerful neighbour who might look upon the situation as one that calls for retaliatory and defensive action. We thus had to bring the matter to the United Nations.

As a member country of the United Nations, dedicated to peace, we bowed to the will of the majority and prayed hard that some measure of relief would emerge. Talks have taken place at Bangkok and much help has been received from the American and Thai representatives as well as from the American Ambassadors at Taipei, Bangkok and Rangoon, for which I express the thanks of the Burmese people. However, as times goes on, we are forced to the conclusion that the Chinese are not sincere, and even if they had some vague intention of carrying out the decision of the United Nations at the outset, the position for them has changed after the precedent created by Mr. Syngman Rhee[2] in Korea. The Burmese are now forced to adopt the belief that Generalissimo Chiang Kai-shek will drive as hard a bargain as Mr. Rhee.

My personal belief which is shared by many, is that, left to the United Nations and to governments, no satisfactory solution will result. I cannot help but feel that your personal intervention would make the chances of success far greater and I therefore request your help in order that the matter may be settled in the course of the present session of the United Nations.

Eminent American nationals have come to Burma and I have no doubt that you have received reports about this country from them. We have no secret pacts or secret understandings with any country and our policy is to avoid involvement. Our greatest task has been the fight against the spread of communism in our own country. You will perhaps recall that at one stage in our short life as an independent nation, we were almost written off by the democracies as pseudo communists or fellow-travellers. Perhaps at that time there was justification for the view but since then we have travelled far and we have battled against the tendency even to lean towards communism, and we feel gratified that in our own way we have combatted it and that today we are on much firmer ground, away from the morass of communism. And we continue to fight the good fight, in our own way, to be entirely rid of the danger. It would indeed be lamentable if because of our necessity to repel the Kuomintang invader, we must lessen our vigilance against the spread of the far greater danger.

We emerged as an independent nation in 1948 with the goodwill of all countries including that of the United States of America. Our relationship has been cordial and the help rendered to us by your great country has been immense. It is a matter of deep regret to us that we had to terminate the aid agreement which was of the greatest material benefit towards the rehabilitation of our war-devastated country, but such termination was compelled by the need to combat the insidious propaganda that we could not complain about the presence of Kuomintang troops because of the acceptance of American aid. The suggestion, to intelligent people, was fantastic, but unfortunately intelligent people everywhere are in a minority, and thus we had to adopt the extreme course of declining the aid solely in order to show to the masses that our conscience is clear and our hands clean. The greatest difficulty we encounter is to meet the argument that the Chinese are defying the United Nations as well as world opinion because the United States of America does not wish them really to leave Burma. The average Burmese knows only that the government at Formosa cannot exist without American aid, and thus he cannot understand why Generalissimo Chiang Kai-shek can defy the United States of America, and he therefore concludes readily that attempts at evacuation are all sham. The battle among ourselves has been hard; feelings have been embittered, and at one stage to forestall and neutralise communist propaganda we were nearly forced to seek a non-aggression pact with our powerful neighbour but happily, wiser counsel prevailed.

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[2] President of the Republic of Korea.

We realise the difficulties involved in the repatriation of these K.M.T. troops but we cannot help but feel that real strong action on the part of the United States of America would bring about a solution, and because of this belief I appeal to you as a God fearing and righteous man, and as one who can and has contributed much to the preservation of world peace, to use your good influence that would make these unwanted people leave our country and thereby gain the gratitude of a long suffering people.

With my greetings,

Yours sincerely,

MAUNG NU[3]

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[3] Maung is a Burmese prefix, here used by Nu as a courtesy.

No. 97

690B.9321/9-1653: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, September 16, 1953—noon.

234. Gist of conversation with Kyaw Nyein: Series of conferences among government leaders have led to conclusions.

(1) Chinese Nationalist Government has no intention bringing about repatriation KMT troops;

(2) Committee has become device for delay and lip service to United Nations resolution;

(3) Chiang Kai-shek has given no indication sincerity or desire help Burma solve problem;

(4) Shuttling Chinese Generals and representatives between Bangkok, Monghsat and Taipei merely facade to fool United States, giving appearance activity which in fact meaningless;

(5) Efficacy United Nations as organization designed maintain peace and protect small countries against aggression seriously questioned; GUB and people rapidly losing faith in United Nations;

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[1] Repeated to Bangkok and Taipei.

(6) In view flouting United Nations by Chinese Government and apparent inability Burma interest great powers come to Burma's assistance against aggression leaders seriously debated pros and cons dramatic withdrawal Burma from United Nations with purpose high-lighting KMT problem (no decision reached this point mytel 229);[2]

(7) Appreciate difficulties United States taking drastic action against Chinese Nationalist Government in UN but anticipate considerable support should Burma decide request branding Taipei as aggressor. (Myint Thein apparently not yet instructed pending outcome joint committee deliberations.)

I appropriately countered each of above points and counseled further patience and faith in joint committee which has almost reached agreement. Expressed hope Burma would not compromise committee's efforts. Kyaw Nyein said Burma has right to know whether Chinese Government (a) intends withdraw KMT troops (b) how many (c) when. Unless these questions answered immediately no point continuing committee discussions.

. . . .

SEBALD

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[2] Dated Sept. 12; the Embassy reported that it had learned that some Burmese Government leaders were pressing for action, including possible withdrawal from the United Nations, to indicate Burma's dissatisfaction with the lack of results from the Bangkok talks. (690B.9321/9-1253)

No. 98

690B.9321/9-1653: Telegram

The Ambassador in Thailand (Donovan) to the Department of State[1]

SECRET PRIORITY BANGKOK, September 16, 1953—4 p. m.

524. Part I.

Joint Committee meeting September 16 Burma representative in prepared statement reviewed committee proceedings:

(a) Stated mission committee.

(b) Tentative draft agreement reached one month after convening.

(c) Monghsat leaders arrived Bangkok with no apparent benefit to committee to date.

(d) Made reference Chinese proposal deletion place names, evacuation plan and lack information on number evacuees.

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[1] Repeated to Taipei and Rangoon.

(e) Referred statement United States representative September 7[2] stating it was correct.

(f) Only complete evacuation foreign forces can be considered complete or satisfactory. Cannot compromise this point.

(g) Made proposal: (1) All foreign forces must be evacuated; (2) not less than 5,000 must evacuate within 21 days signing agreement (and evacuation plan); (3) considers utmost importance agreement (and plan) signed not later than 23 September 1953; (4) if Chinese fail to accept above three points Burma delegation will be forced withdraw.

Part II.

Chair proposed recess permit Burma restudy proposal because: (1) time required governments approve evacuation plan after signed in committee; (2) time to assemble control teams; (3) Thailand requires approximately two weeks complete preparations after approval of plan; (4) in present plan maximum number evacuees that can be flown out in three weeks is 3,150. (*Note:* CAT has stated it can handle 2,000 per week. This will require increased daily flow evacuees and larger facilities in Thailand.) Burma agreed restudy and asked acceptance 21 days as period in which 5,000 must be evacuated. Chinese Nationalist representative stated Burma proposals entirely unacceptable to him.

Comment: Appears Chinese must make counterproposal within one week or talks will be finished with negative results. Such proposal should be both reasonable and yet far more than they have yet seen fit to give. Extremely doubtful if Burmese here can be persuaded soften demands except to extent they are technically impractical.

DONOVAN

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[2] See Document 94.

No. 99

690B.9321/9-1653: Telegram

The Acting Secretary of State to the Embassy in Burma[1]

SECRET
PRIORITY

WASHINGTON, September 17, 1953—11:27 a. m.

193. Bangkok's 524.[2] While Department sympathizes with GUB impatience and irritation at what it considers continued Chinese stalling and while Department realizes public opinion pressure on

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[1] Also sent to Taipei; repeated to Bangkok.

[2] *Supra.*

GUB, Department considers GUB proposal Sept. 16 wholly unrealistic. It is not within power Bangkok Committee or of Chinese Government or of GUB to secure "complete evacuation foreign forces" nor does fixing of deadline date Sept. 23 for acceptance Burmese proposals appear indicate understanding of situation or appreciation efforts made by US and Thai Governments. Dept. therefore pleased note Burmese representative agreed restudy proposal. Embassy Rangoon should make clear to Burmese Govt. maintenance proposal in present form would justify US Govt. in abandoning efforts to be of assistance this matter.

Department also strongly of opinion that it imperative Chinese Govt. make final proposal soonest which US and Thai Governments could support. Minimum features of such proposal would be following:

1. Promise evacuate all disciplined troops, at least 3,000 right away to be followed by more if possible (there might also be declaration that all members regular Chinese units neglecting orders to evacuate would be henceforth considered by Chinese Govt. as deserters).
2. Statement by Chinese Government washing hands of remainder of alleged KMT troops are unconnected Chinese forces.
3. Specify early date for reoccupation by Burmese of bases specified in plan.

Department desires Amb. Rankin take this up with Chinese at highest level and hopes Ambassador may be able communicate direct with Chiang on matter to which Department attaches highest importance.

SMITH

No. 100

790B.5/9-1753: Telegram

The Ambassador in the United Kingdom (Aldrich) to the Department of State

SECRET LONDON, September 17, 1953—6 p. m.

1166. Rangoon's 178, August 27 to Department. In recent conversations at Foreign Office Embassy has, without elaborating on US policy, endeavored probe British thinking on arms procurement for Burma. Foreign Office seems hold to view that Ward has been able revitalize BSM and that it now operating fairly smoothly and effectively, with increasing support of Burmese military. Foreign Office has often mentioned impractical nature some of Burmese requisitions with emphasis on jet aircraft and tanks at expense equipment for highly mobile infantry capable of out-fighting and out-maneuvering rebels in guerrilla warfare. Doubtless there is some resentment over existence of substantial Burmese holdings in foreign exchange due to Burmese refusal to settle financial obligations to British.

UK believes it to our interest as well as theirs to attempt so far as practicable deter Burmese from squandering their exchange on gadgets and concentrate on building up military machine consonant with their needs. Although concerned over failure GUB respond more frankly to British overtures for extension BSM agreement, Foreign Office has received interim reply which "not too discouraging" and which is now being studied. Foreign Office aware Burmese, in avoiding precise stand on renewal BSM agreement, may be exploring other possible sources military training and equipment and attempting play off UK against US and perhaps other nations.

Foreign Office appears to feel that GUB not too firmly in saddle, that control by pro-Western elements is somewhat precarious, and that majority of politicians are "neutralists" and suspicious Western intentions. They question whether it would be helpful supply present administration with expensive equipment which Burmese do not need, which they cannot adequately maintain, and the purchase of which would deplete their foreign exchange which could be put to better use. If present administration overthrown, they fear equipment supplied would not be used in Western interests.

Embassy assumes Department will wish prior intimate discussion this problem with UK before reached decision supply training and equipment to Burma. However tactful US approach, British bound resent US participation and competition in field heretofore largely monopolized by UK. British tend regard Burma as one of few remaining spheres of interest in SEA, and they might feel US attempting ease them out of picture. Perhaps, solution would be for GUB, US, and UK consult jointly with view working out acceptable minor role for US to play—e.g., furnish GUB at cost price and with British acquiescence, limited quantity matériel of which UK in short supply and which three participants agree would be useful and desirable.

This situation raises fundamental question for US policy. British are still willing and even anxious to carry principal responsibility for arming some countries such as Burma and certain Arab States. They feel, however, that US world power and prestige are now too overwhelming that in order for them successfully to carry out this responsibility we must clearly indicate, and support by our actions, that we consider British have primary responsibility and that we are not to be played off against them. Once we start to play active and independent role in giving military assistance to a country, we undermine already sadly depleted British prestige to point that British no longer able to carry effectively significant share of burden. Any such development, in Embassy opinion, would be short-sighted and not in best interests of US. Far better results, with less cost and minimum political responsibility, could be gained through exercise our influence indirectly through or in junior partnership with British in such areas as Burma. This follows not only from possibility obtaining independent contribution British resources in such cases, but also from greater acceptability policies backed by joint US–UK sponsorship and from reassurance against fear of domination, which is inescapable element in relation less developed areas to largest world power center.

We assume this consideration obtaining maximum US policy results with economy in direct commitment US resources especially relevant under current conditions of budgetary pressure and heavy burdens required by present US obligations, creating presumption against additional commitments, and that we would, therefore, welcome opportunity of encouraging British to retain primary responsibility in such countries as Burma. Our policies toward and relations with British regarding these countries must then be very different from those toward Greece and Turkey, for example.

We fully realize that this situation poses unusually difficult problems for US missions who, despite fact that they are representing greatest power center in free world and in face of local desires for more intimate and direct relationship with US, must to some extent play second fiddle to less powerful nations. This means resisting the temptation, for example, to supply unilaterally arms to Iraq as suggested at recent RECNE Cairo meeting (bottom of page 3 and top of page 4, minutes of meeting).[1] Despite difficulties this situation, Embassy is convinced we must accept it if we are effectively to take advantage of and not undermine remaining British strength and prestige and to avoid further expansion direct US commitments and responsibilities.

Would appreciate Department's comments and guidance in light above on line we should take in further discussions with Foreign Office on Burma.

Department repeat as desired.[2]

ALDRICH

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[1] Reference is to the Chiefs of Mission Conference in Cairo, Aug. 28–29; see vol. IX, Part 1, pp. 413–416. The minutes of the meetings are not printed.

[2] Repeated as telegram 209 to Rangoon, Sept. 22, with a request for comments. (790B.5/9-1753)

No. 101

690B.9321/9-1753: Telegram

The Acting Secretary of State to the Embassy in the Republic of China[1]

SECRET
PRIORITY

WASHINGTON, September 17, 1953—7:08 p. m.

227. Bangkok's 533.[2]

I. Burmese withdrawal gives Chinese proposal top urgency. Department considers requirements situation call for Chinese statement to be made formally in US-Thai-China committee meeting soonest along following lines based on reasonable Yeh position Taipei's 168:[3]

a. China will sign agreement and plan.
b. Is issuing orders all Chinese troops leave Burma.
c. Approximate 2,000 estimated respond first call, will make every effort induce many more as possible.
d. Will evacuate six bases as in plan and have 2,000 men across frontier by October 31.
e. Will issue statement re those remaining after fair chance given join exodus: wash hands of irregulars, declare regulars deserters.

Subject minor alterations Department considers these minimal requirements. If Chinese Government will make statement in committee along foregoing lines US will give full support and attempt enlist Thai cooperation. Will also make every effort induce Burmese resume negotiations and sign agreement; if this unsuccessful will seek GUB assurances not interfere with unilateral Chinese evacuation and will lend logistic help Thai border and transportation Formosa as planned. If on other hand Chinese Government unwilling make such commitment US no longer able support Chinese position effectively. Embassy to take this up soonest at high levels indicated Deptel 222 to Taipei.[4]

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[1] Also sent to Bangkok, Rangoon, and to USUN for Assistant Secretary Robertson.

[2] Dated Sept. 17; the Embassy in Bangkok reported that at the Committee meeting that day, the Burmese representative amended his proposal to require no fewer than 5,000 troops to evacuate within 35 days of the signing of the agreement and the rest within 3 months of the same date. The Chinese representative stated that the proposal was unacceptable and that he did not anticipate making a reply; the Burmese Delegation then withdrew from the conference. (690B.9321/9-1753)

[3] Dated Sept. 17; the Embassy in Taipei reported that Yeh had supplied an official estimate that there would be 1,500-2,000 evacuees. He had stated that the Chinese Government was ready to sign the four-power agreement and the evacuation plan, and if the Burmese refused to sign, the Chinese Government desired U.S. and Thai cooperation in carrying out the evacuation as planned. (690B.9321/9-1753)

II. Embassy Bangkok and US representative committee should sound out Thai willingness go along with committee support above lines and continue offer logistic aid in event Chinese troops reach Thai border seeking onward transportation. If Thai concur inform Taipei soonest.[5]

III. Embassy Rangoon: Department prefers no formal attempt induce Burmese resume negotiations until concrete Chinese proposal forthcoming. Should intimate however we are urging Chinese make offer which we believe realistic, and continue stress viewpoint Deptel 193 to Rangoon that Burmese actions wholly unrealistic. In view statement attributed Pe Khin[6] that troop clashes would renew, make every effort impress Burmese with unwisdom hasty military action.[7]

SMITH

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[4] Printed as telegram 193, Document 99. Rankin reported on Sept. 22 that he discussed the matter with President Chiang the previous day, and Chiang told him that there was no difference between them in principle but only in matters of detail and timing and that Yeh was preparing a memorandum on the subject. (Telegram 179; 690B.9321/9-2253)

[5] On Sept. 30, the Embassy in Bangkok reported that Thailand concurred. (Telegram 613; 690B.9321/9-3053)

[6] Burmese Ambassador to Thailand.

[7] Sebald reported on Sept. 21 that he had communicated the substance of this paragraph (Part III) to Kyaw Nyein. (Telegram 252; 690B.9321/9-2153)

No. 102

690B.9321/9-2253: Telegram

The Chargé in the Republic of China (Jones) to the Department of State[1]

SECRET PRIORITY TAIPEI, September 22, 1953—3 p. m.

181. Prior to actual receipt of memo in Embassy telegram 180[2] to Department today, Foreign Minister late yesterday had orally out-

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[1] Repeated to Bangkok and Rangoon.

[2] Dated Sept. 22; it transmitted the text of a memorandum received that day from Foreign Minister Yeh. The memorandum stated that: (1) China was ready to sign the Four-Power Agreement and the evacuation plan with or without Burma's signature; (2) since the Chinese Government exercised no control over Li Mi's troops it could not order them to leave Burma; (3) the Chinese Government estimated that 1,500-2,000 troops, plus several hundred dependents would be evacuated; (4) the Chinese Government vouched for the intention of Li Mi's forces to evacuate the six bases mentioned in the evacuation plan, provided that the Burmese Government,

Continued

lined its contents to me on basis of which I expressed view it did not go far enough to satisfy requirements of situation and desires of my government. I made following points.

1. I hoped that Chinese Government would review proposed estimate of evacuees in endeavor to raise it substantially. Foreign Minister replied both he and Generalissimo had urged that estimate be fixed at 3,000, but advisers who had been in Burma doubted larger estimate could be met and President did not wish to promise anything he was not certain of being able to fulfill.

2. Nowhere in the memorandum, I pointed out, was any mention made of orders to troops to evacuate and I regarded it as vital for Chinese Government to establish firmly the fact that orders had been issued to this effect. Foreign Minister repeated previously stated position of Chinese Government on this point to effect that it had always maintained it had no jurisdiction over these troops, but added that in point of fact orders had been issued through Li Mi and that as many as thirty messages had been sent to the "jungle generals" instructing them to bend every effort to induce as many as possible to come out. I remarked that it would be extremely helpful if copies of some of these orders and instructions could be made available. Foreign Minister replied that they had been issued through office of Chief of Staff, but he would endeavor to provide with copies.

3. I regarded as weak statement as to status of troops left behind since Chinese Government made no commitment regarding its own future action. I believed the statement in its present form would be regarded as dodging issue of relationship between Chinese Government and Chinese who stayed behind Burma.

Foreign Minister requested that these and any other points I had be put in memorandum form, to which I agreed.

JONES

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whether or not it signed the agreement, abided by its terms; and (5) Li Mi promised to dissolve his Yunnan Anti-Communist National Salvation Army as soon as those troops who were willing had been evacuated, and the Chinese Government would thereafter make a statement that all those choosing to remain in Burma did so at their own risk. In the meantime, orders were being issued to the Chinese representative on the Joint Committee to make a formal statement in accordance with the above. (690B.9321/9-2253)

No. 103

690B.9321/9-2253: Telegram

The Secretary of State to the Embassy in the Republic of China

TOP SECRET WASHINGTON, September 23, 1953—12:07 p. m.

253. Your 173[1] and 183.[2] Seek interview President Chiang and express substance following:

U.S. Government deeply disturbed by fact Chinese Government continued permit air flights from Formosa to Monghsat during past six months despite specific assurances it would take steps prevent such flights. U.S. Government has bent every effort bring about mutually satisfactory solution difficult and delicate problem created presence Chinese irregular forces on Burmese soil and has counted heavily on good faith Chinese Government accomplish this objective. Failure Chinese Government abide by commitments made to U.S. and its violation spirit UN resolution despite its promise adhere not only beclouds atmosphere Sino-American relations but seriously undermines Chinese Government's international standing.

U.S. Government cannot continue participate present efforts resolve problem in absence sincere and wholehearted cooperation Governments concerned. Failure current efforts produce satisfactory results will almost certainly lead to developments in the area and in UN damaging to cause free world and Chinese Government in particular. Thus while U.S. welcomes assurance flights have now been completely discontinued, it believes also essential Chinese Government immediately take concrete steps (such as outlined our 227)[3] as proof its good faith and desire cooperate U.S. and UN.

DULLES

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[1] Not printed. (690B.9321/9-1953)

[2] Dated Sept. 22, not printed. (690B.9321/9-2253)

[3] Document 101.

No. 104

690B.9321/9-2653: Telegram

The Chargé in the Republic of China (Jones) to the Department of State

TOP SECRET PRIORITY TAIPEI, September 26, 1953—2 p. m.

195. Reference Deptel 253[1] and Embtel 189.[2] President Chiang returned from south last night and I was given appointment to see him this morning. I conveyed substance of reference telegram almost verbatim and left strong paraphrase as informal reference. President replied that he was instructing Foreign Minister to communicate with me on this matter immediately and indicated his conviction reply would be satisfactory to US Government.

Inwardness of situation here is that Foreign Minister, Prime Minister, Secretary-General and Chief of Staff (real OSP Ministry of National Defense and Military Forces) are united in bringing pressure to bear on President to accept American proposals. He has been yielding, inch by inch, but it has been hard work accompanied by violent argument and Generalissimo is irritable now whenever subject is brought up. Nevertheless, he received me courteously, listened with patience but obviously did not wish to enter into discussion of matter himself.

Meanwhile, Cabinet met this morning and approved statement of a draft prepared by the Foreign Minister for presentation to the President immediately following my interview with him.

I have appointment with Foreign Minister at 4:30 today to receive statement and will inform Department soonest.

JONES

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[1] *Supra.*

[2] Dated Sept. 24; it reported that Yeh told Jones that the Ministry of National Defense had taken steps to ensure that no supplies were sent to the troops in Burma. (690B.9321/9-2453)

No. 105

790B.5/9-2853: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, September 28, 1953—3 p. m.

287. Deptel 209.[2] Study of London's 1166[3] emphasizes fundamental difference between present British approach and that which appears from this vantage point demanded by both American and British policy objectives in this formerly colonial area. Entire concept of spheres influence reminiscent of gunboat diplomacy and implies tutelary paternalism of colonial power. Resentment of continued British attempt wield such power is at heart of present BSM problem and at same time in direct proportion to our support such British attitude it will undermine US political and strategic interest here.

Essential clarify two apparent misconceptions reference telegram. We believe: (a) Ward has not been able revitalize BSM and BSM is not now operating with increased support; (b) GUB is firmly in the saddle and though majority of political leaders are indeed "neutralists" they are noticeably less suspicious Western objectives than is general rule among Arab-Asian group.

It is, of course, not in our interest to weaken prestige of British in Burma nor replace them in position of proctorship. On contrary, from our point of view, it is most regrettable that British have exhausted their once ample reservoir of prestige in Burma through their propensity to use their preferred position as lever with which to exercise measure of control over these highly nationalistic people. British do not appear realize active resentment caused by this practice nor associate it with Burmese firm intention terminate BSM in present form.

If this resentment were directed solely against British, it would not concern us so much but UK and US are so closely associated in Burma that feelings against British also affect their attitude toward us especially when we appear connive in effort continue British control.

We agree that some Burmese requests are unrealistic and that effort should be made discourage purchase of expensive equipment which they cannot effectively use. We believe, however, that this can be done without compulsion and that final controlling factor should be Burmese shortage of foreign exchange rather than outright refusal to sell.

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[1] Repeated to London.

[2] See footnote 2, Document 100.

[3] Document 100.

My service attachés are satisfied that Burmese armed forces could effectively use much more equipment and supplies than British are allowing them have and it is our opinion that strengthening these forces would add to defensive capacity of free world. We believe in capacity present government maintain itself in power and are convinced that recognition of equality implicit in granting to Burma final say as to nature and amounts of equipment to be purchased would increase observable sympathy for West and that added ability liquidate Communist insurgents which increased purchases would presumably entail would enhance security this strategic area.

Question whether arms are supplied by UK or US is not as important as whether they are to be supplied at all. It, therefore, appears that we should first seek convince British of wisdom of substantial increase in supplies. We agree that intimate discussion of this problem with British is essential and that agreement should be reached as to items on pending list to be supplied by respective governments. We do not believe GUB would agree participate in tripartite discussions. Fact that GUB has approached US on this matter under clear provision of American law and that request could be refused only for apparent reason that we supporting British coercive policies should be kept in mind in determining extent our participation.

We should bear in mind that first approach for arms assistance in instant case was not made by US but by Burma. As previously pointed out, basis this action was deep-seated smouldering dissatisfaction by Burma with British procurement policy which was implemented in such manner as to result in interference with internal affairs of Burma. By lending ourselves to continuation this state of affairs, we gratuitously offend Burma's aspirations for freedom of action, lend credence to charges of American support for colonial practices by metropolitan powers and discard opportunity demonstrate avowed American desire assist free Asian countries maintain their freedom in face Communist pressures.

While we unable comment whether US as leading world power should or should not take on added burdens, we believe Burma, as well as other free nation in face Communist menace, is already inescapably burden of US. It does not appear to us, however, that reimbursable arms procurement in relatively modest proportions requested by Burma adds and/or appreciably changes that burden. On contrary, strengthening of Burmese defense forces by US sale of sorely needed equipment would seem to us be on positive side of ledger.

Notwithstanding doubts expressed by British Foreign Office re Burmese reliability in case of need, we are convinced Burma would fight against any aggressor in endeavor maintain its independence. Further, such doubts if well founded can only be dispelled and Burma's pro-Western orientation strengthened by sympathetic assistance, understanding and reasonable response to Burma's problems and needs. It is precisely in matter of arms procurement where US can demonstrate its desire see Burma free strong and sovereign.

Problem, therefore, appears to us to be one of coordinated assistance by UK and US with foregoing considerations as objective. Solution, it seems, is not to be found in one or other of two powers taking sole responsibility even if that were possible or necessary but rather in approaching Burma's needs from viewpoint of its potential contribution to the cause of free world.

SEBALD

No. 106

790B.551/9-2853

President Eisenhower to Prime Minister Nu[1]

PERSONAL AND CONFIDENTIAL WASHINGTON, September 28, 1953.

DEAR MR. PRIME MINISTER: I have received your letter of September twelfth, and thank you for your frank expression of Burmese views regarding the presence of foreign forces in Burma. I am indeed aware of the importance of a solution to this problem, and I have been most anxious that the efforts being made to help your country resolve it should prove fruitful.

In our discussions with President Chiang Kai-shek concerning the matter we have found that he shares our conviction regarding the importance of removing these foreign troops from Burmese soil. In view of your letter I am sending President Chiang a personal message,[2] reiterating my interest in the problem and my sense of the urgency of a solution insofar as this is within the power of the Chinese Government.

The limitations to action which can be taken by that Government must also be realistically recognized, and I trust that your representative's withdrawal from the Bangkok talks will not militate against such recognition and thus defer the reaching of a practical solution. Although President Chiang and his Government are now striving to bring about the evacuation of these troops it has become evident that their control over a portion of them is small indeed. While a limited group appears disposed to accept repatriation there is little more that can be done, either by President Chiang or through international action, to force the remainder to join an evacuation movement.

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[1] This letter was given to Ambassador Barrington by Ambassador Key in New York, where both were attending the Eighth Session of the U.N. General Assembly.

[2] *Infra.*

I am sure that in writing you I need not insist on the fact that allegations to the effect that the United States Government does not really wish these troops to leave Burma are totally without foundation, and are designed merely to sow dissent and suspicion between our two nations.

I should like to take this opportunity to express my sincere admiration for the manner in which you and your colleagues have dedicated yourselves to repairing the ravages of war and insurrection, and to congratulate you on your progress in realizing a strong and independent Burma. I particularly welcome your remarks on your attitude toward the menace of communism. You may be assured of the continued friendly interest of the United States as you move forward to the goals which you have set for your country.

Sincerely,[3]

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[3] The source text is unsigned.

No. 107

690B.9321/9–2853

President Eisenhower to President Chiang Kai-shek [1]

PERSONAL AND CONFIDENTIAL WASHINGTON, September 28, 1953.

DEAR MR. PRESIDENT: I have been following closely the international efforts which have been under way for some time to bring about a solution of the serious problem created by the presence of the Chinese irregular forces in Burma. I am confident that you share my concern that these efforts be successful. I am now writing to you personally regarding this matter because I feel that the time has come when concrete results must be produced if this problem is to be resolved at all. While recognizing that there are limits on the degree of influence which your Government exercises over the forces in Burma, I feel that this fact should not deter you from utilizing your influence to the maximum to bring about immediately the evacuation of as many of the irregular forces as possible and to make clear that those who remain will not have your sympathy or support. Unless such concrete results can be achieved, I fear that a situation will be created which the communists will not fail to exploit to their advantage and to the detriment of both your Government and the Burmese Government.

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[1] This letter was handed to Ambassador Koo by Assistant Secretary Robertson on Sept. 30.

I am also writing today to the Prime Minister of Burma,[2] expressing my concern that current international efforts toward resolving this problem not fail and urging him to recognize the practical limitations to the action which the Chinese and other Governments can take to resolve the problem.

You may be assured that the United States will continue to strive for an early solution of this problem acceptable to all Governments concerned, but in doing so it must rely on the sincere and wholehearted cooperation of such Governments. In the light of the close and cordial relationships which exist between our two Governments, I am confident that I can count on your full cooperation in this matter.

Sincerely,[3]

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[2] *Supra.*

[3] The source text is unsigned.

No. 108

690B.9321/9-2653: Telegram

The Secretary of State to the Embassy in Burma[1]

SECRET WASHINGTON, September 29, 1953—6:57 p. m.

235. Chinese counterproposals embodied Taipei's 198[2] and 180[3] appear maximum Chiang will be prevailed on to offer at this time.

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[1] Repeated to Bangkok, Taipei, and USUN.

[2] Dated Sept. 26; it transmitted the text of a memorandum, personally approved by Chiang, which Yeh had given Jones that day. The memorandum stated that: (1) The Chinese Government was positive that no further effort on its part could increase the number of evacuees from the number it had previously estimated; (2) the Chief of Staff had on several occasions instructed Li Mi to urge his men to evacuate from Burma to Taiwan; (3) any of Li Mi's troops who chose to remain in Burma did so at their own risk and the Chinese Government had no intention of furnishing them with supplies of any kind; and (4) the Chinese Government called attention to press reports of Burmese air attacks on Li Mi's troops in and near Mong Hsat and requested the U.S. representative on the Joint Committee to support the Chinese representative in calling for an immediate end to such attacks. (690B.9321/9-2653)

[3] See footnote 2, Document 102.

While Department agrees with Rangoon's 281[4] that 3000 probably minimum acceptable to GUB, proposals are tangible offer and should be got on committee record and transmitted GUB when Chinese representative makes them in committee.

Embassy Rangoon should point out to GUB that US, while recognizing number of evacuees offered is below GUB expectations, believes evacuation Monghsat and other bases would contribute substantially to solution GUB problem. US therefore prepared continue good offices to remove forces as proposed provided GUB willing cooperate on basis specific four-power agreement. US would of course continue keep matter before Chinese Government and would continue exercise maximum influence secure such further results as may be possible. (For example President is writing Chiang personally this subject and is so informing Burmese Prime Minister in answer latter's letter.)[5] If GUB unwilling entertain Chinese proposals, US good offices manifestly no longer useful.

DULLES

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[4] Dated Sept. 26; it transmitted a recommendation from Sebald and Donovan that the Embassy in Taipei should, in the strongest possible terms, request the Chinese Government to issue a statement declaring that it would issue unequivocal orders to the troops in Burma to evacuate, estimating that at least 3,000 would do so, and declaring that those failing to comply would be considered deserters. (690B.9321/9-2653)

[5] See Document 106 and *supra*.

No. 109

690B.9321/10-153: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

CONFIDENTIAL WASHINGTON, October 1, 1953—1 p. m.
PRIORITY

282. Following is text personal letter from President Eisenhower to President Chiang handed Chinese Ambassador September 30 by Assistant Secretary Robertson:

[Here follows the substance of Document 107.]

In presenting letter to Ambassador Koo, Robertson stressed necessity Chinese Government's making strongest possible case in UN. Chinese Government needed to show that it had done everything it could bring about evacuation maximum number troops and that it would extend neither material nor moral support to troops which ignored its recommendation to leave Burma. While recognizing difficulty Chinese Government committing itself to evacuation more than 2,000, Robertson indicated Chinese Government should exert efforts get more out if possible and abandon all six bases. He also pointed out necessity issuance unequivocal public statement at highest level setting target date for completion evacuation. Koo after reading copy of letter said would cable it Taipei immediately.

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[1] Also sent to Rangoon; repeated to Bangkok and USUN.

Said his Government already had substantially agreed to our request in memo last week to Embassy Taipei. Said not more than 2,000 troops in Burma come from Yunnan. Others were natives Burma side border who joined Li Mi. Said Chinese Government proposed evacuate 2,000 plus several hundred dependents by air from northern Thailand in 10 day period beginning October 5. He urged us influence Burmese refrain from current air attacks Li Mi forces Monghsat. Said such attacks not only make evacuation difficult if not impossible but also naturally infuriated Li Mi forces and made them less likely heed withdrawal advice. Implied these attacks as well Burmese impatience at Bangkok conference cast doubt Burmese good faith. Koo was assured Department urging Burmese Government exercise moderation and restraint pending completion withdrawal operation.

During courtesy call by Chiang Ching-kuo[2] on President Eisenhower September 29, President indicated his concern with problem Chinese troops Burma and strongly urged Chinese Government get troops out at earliest date. Chiang replied his Government doing everything possible accomplish this objective.

DULLES

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[2] Lt. Gen. Chiang Ching-kuo was Director of the Political Department of the Ministry of National Defense in the Republic of China and the son of President Chiang.

No. 110

690B.9321/10-353: Telegram

The Secretary of State to the Embassy in Burma[1]

SECRET PRIORITY WASHINGTON, October 3, 1953—12:47 p. m.

255. Department believes efforts assist in removal KMT troops in Burma at critical and decisive stage. US Government including President and Secretary State have made great efforts insure maximum feasible Taipei contribution to evacuation, and in context these high-level approaches Chiang being pressed for clear-cut dec-

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[1] Repeated to Bangkok, Taipei, and USUN.

laration indicating Chinese proposals as submitted September 30[2] are minimum commitment with every effort obtain added results (Deptel 286 to Taipei).[3] If despite above factors GUB cannot see way to acceptance of and cooperation with course of action not words, prospect of any progress through international good offices will have been lost because of Burmese refusal face facts. Department recognizes anticipated evacuation will not constitute final solution of problem which we have all worked for but believes it would represent substantial progress which GUB should not reject.

It is matter of indifference to Department whether GUB cooperation insured through framework Bangkok military committee or at diplomatic level if GUB prefers latter. If however US to continue good offices and assist in implementing action as proposed it appears essential GUB provide written assurances, in diplomatic note if desired, of willingness cooperate. Such assurances should include agreement to: a) stop all attacks on troops in areas from which evacuees to come; b) guarantee safe passage troops to specified border points; c) await committee notification evacuation base points completed before occupying these; d) permit collected arms transit Burma if this becomes necessary. Re point a) GUB should also agree refrain from attacks now.

These considerations should be set forth at appropriate GUB level without delay, after you receive indication Chiang response Deptel 286 if in your discretion and in light of GUB reaction to September 30 such timing preferable. In your talks with Burmese authorities you should point out proposed action is stage in final solution. Make clear continued understanding and sympathy of US

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[2] Reference is to a statement made at the Sept. 30 meeting of the Joint Committee by the Chinese representative as a supplement to a statement he had made on Sept. 19. Telegram 552 from Bangkok, Sept. 21, reported the Sept. 19 statement as follows: (1) 1,500–2,000 troops plus several hundred dependents were prepared to evacuate; (2) if Burma refused to accept the estimate, China wished to carry out the evacuation as long as Burma did not interfere; (3) after the evacuees withdrew, the remainder would be no concern of the Chinese Government; and (4) Burma's demands of Sept. 16 were beyond the competence of the Chinese Government. (690B.9321/9–2153) The Chinese statement of Sept. 30 was reported in telegram 621 from Bangkok, Oct. 1, as follows: (1) The first group of evacuees could cross the Thai border within a week of the arrival of the evacuation teams at the border provided that Burma did not interfere with the operation; (2) the Chinese Government would guarantee the evacuation of the six bases agreed upon earlier by the Joint Committee provided that Burma followed the procedure laid down in that agreement (see Document 95); (3) the Chinese Government had no intention of perpetuating the existence of Li Mi's forces in Burma by furnishing them with supplies of any kind; and (4) the Chinese Government requested the Joint Committee to ask the Burmese Government to cease immediately its attacks on Li Mi's troops. (690B.9321/10–153)

[3] Dated Oct. 2; it instructed the Embassy to urge that Chiang make a public declaration to this effect, also stating his personal desire that all troops loyal to him leave Burma and warning those remaining that they would receive neither material nor moral support. (690B.9321/10–253)

Government and its desire continue exploration further useful steps following presently contemplated movement and also of any resistance US Government might be able render GUB toward restoring its authority over its own territory (for example expediting reimbursable arms aid and possibly other forms of assistance which we are exploring). Please also indicate that if this first stage can be completed, US Government would be glad study means continuing its good offices to continue provide facilities further evacuees if any present themselves and to observe activities and possible outside ties of remaining Chinese irregulars.

DULLES

No. 111

690B.9321/10-553: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET PRIORITY RANGOON, October 5, 1953—noon.

310. As indicated mytel 308[2] called on Foreign Minister and handed him memorandum embodying committee minutes Chinese proposal September 19 and 30 which had not seen. After reading same Foreign Minister commented it unfortunate Chinese failed make this as counter-proposal to Burmese proposition September 16 thus keeping Burma's participation committee alive.

In presenting memorandum I orally explained US position as per second paragraph Deptel 235[3] and last three sentences Deptel 255.[4] Foreign Minister took notes foregoing. I also reiterated President's and Secretary of State's personal interest and efforts. As prospect further concessions would probably reduce chances acceptance September 19 and 30 proposal, did not refer possible Chiang statement or other argumentation paragraph 1 and 2 Deptel 255 other than to say if Chinese proposal accepted would be glad consult with Foreign Minister re procedures necessary implement agreement and plan.

Foreign Minister expressed appreciation US Government assistance and understanding, said would consult with colleagues and let me know soonest. Clearly implied should proposal be accepted GUB would fully cooperate and pending decision assured me there would be no all-out military action.

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[1] Repeated to Bangkok and Taipei.

[2] Not printed.

[3] Document 108.

[4] *Supra.*

Public declaration by Chiang (Deptel 286 to Taipei)[5] during period pending Burmese decision would be most helpful. Will use all ammunition available when Chiang's response known.

SEBALD

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[5] See footnote 3, *supra*.

No. 112

690B.9321/10–553: Telegram

The Chargé in the Republic of China (Jones) to the Department of State[1]

SECRET PRIORITY TAIPEI, October 5, 1953—6 p. m.

211. Re Deptel 286, October 2, repeated information Bangkok 654, Rangoon 252.[2] Immediately upon receipt of Department's telegram I saw Foreign Minister and gave him substance of message. He responded that he and President Chiang had already discussed matter and agreed that the Foreign Minister would make public statement[3] to be followed by personal response from President Chiang to President Eisenhower.[4] This statement, he said, had been drafted and included most of points in Department's telegram. He would review matter carefully and give sympathetic consideration to points not included.

He raised question as to why there was necessity of repeating reference to six bases since that had been agreed in Bangkok. I responded that failure to make such reference might be misunderstood and since Chinese Government had agreed to turn over these bases, I saw no objection from his standpoint to making such reference. On the other hand, I urged this was the time for the Chinese Government to make as strong a public commitment as possible in order to strengthen its international position and shift responsibility to Burmese for breakdown of negotiations should they refuse to permit implementation of Chinese proposals. Foreign Minister indicated he was convinced and would include reference to bases.

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[1] Repeated to Bangkok and Rangoon.

[2] See footnote 3, Document 110.

[3] For text of Foreign Minister Yeh's statement, issued on Oct. 8, see U.N. document A/C.1/L.69.

[4] The text of Chiang's letter to Eisenhower, dated Oct. 8, was transmitted in telegram 223 from Taipei, Oct. 8. The letter stated that: (1) The Chinese Government had secured the consent of the leaders of the Chinese irregular forces in Burma to evacuate 2,000 officers and men, together with their dependents; (2) the Chinese Government would continue its sincere cooperation in any evacuation scheme agreeable to all the concerned governments; and (3) it would not maintain any relation with or give any support to those troops who remained in Burma, but the Burmese Air Force had been bombing the points where the troops were concentrating for evacuation and that this had rendered actual movement of the evacuees almost impossible. (690B.9321/10–853)

Foreign Minister then said he had received a telegram yesterday from General Liu Yuen-lin, most loyal and reliable of the Generals now in Mong Hsat, to effect that reaction to bombings and artillery attack by Burmese was most unfortunate from standpoint of evacuation program. Eighty individuals who had agreed to evacuate were killed and resentment was rising which might result in others refusing to leave. Chinese Government is urging General Liu to take all steps to combat reversals of decision to evacuate. General Liu also reported he had given orders not to resist Burmese attack and that his troops had held off for six days but he could hold them no longer.

JONES

No. 113

690B.9321/10-1353: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET PRIORITY RANGOON, October 13, 1953—3 p. m.

342. Mytel 335.[2] Following represents firm GUB views re Chinese proposals:

1. GUB unable rejoin committee;
2. Unable formally accept Chinese proposal 1500–2000 represents maximum number troops to be repatriated;
3. GUB however, commits itself not interfere with evacuation and will cooperate fully with committee in effecting same;
4. No military action will be taken between now and November 15 in order that evacuation up to 2000 may proceed smoothly;
5. GUB desires send two observer teams consisting two or three officers each team, totals six. Teams will report Burmese Embassy Bangkok. Teams will act as liaison with committee as may be necessary.

Re points c and d second paragraph Deptel 255,[3] Foreign Minister stated had not considered questions occupying bases or problems arms transit Burma. Agreed confer with his colleagues and inform me decision soonest.[4]

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[1] Repeated to Bangkok and Taipei.

[2] Dated Oct. 12; Sebald reported that the President of Burma, Dr. U Ba, told him in confidence that the Burmese Government had decided to accept the Chinese proposal but that Burma would not rejoin the Joint Committee. (690B.9321/10-1253)

[3] Document 110.

Re point four above, Foreign Minister said date had been calculated on basis maximum 2000 troops would be evacuated and is considered reasonable and that date would, of course, be extended should further numbers agree evacuation.

Above points delivered orally but committed to writing by me and read back to Foreign Minister who concurred.

Comment: On basis above I urge immediately implementation agreement and evacuation plan.[5] Committee contacting Burmese observers care Burmese Military Attaché Bangkok for necessary liaison with Burmese armed forces. Notwithstanding previous Burmese insistence occupation six base points, believe this no longer presents immediate problem although Burmese may desire occupy them in due course especially Mong Hsat. Should arms transit Burma become problem, I recommend committee consider feasibility destruction as delivered.

If evacuation can proceed on above basis, request immediate confirmation.

SEBALD

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[4] On Oct. 13, the Embassy in Rangoon reported another conversation with the Foreign Minister, who stated that, if it was agreed that the six bases would be handed over by Nov. 25, the Burmese Government would refrain from attacking the bases until that date. The Burmese Government did not agree to the removal of the troops' arms through Burma. (Telegram 344; 690B.9321/10–1353)

[5] The Embassy in Rangoon, on Oct. 13, reported that the Committee signed the evacuation plan on Oct. 12, but that this had little meaning unless the Burmese agreed to the evacuation of 2,000 troops plus dependents. The U.S. draft agreement had been intended as the basis for the evacuation plan and, therefore, was no longer of value since the plan had been completed. (Telegram 725; 690B.9321/10–1353) The text of the evacuation plan was sent to the Department in telegram 515 from Bangkok, Sept. 15. (690B.9321/9–1553)

No. 114

690B.9321/10–1353: Telegram

The Acting Secretary of State to the Embassy in the Republic of China[1]

SECRET PRIORITY WASHINGTON, October 17, 1953—1:20 p. m.

326. Since Burmese walkout Chinese have consistently pressed for evacuation with help US and Thai good offices and have not required other assurances than that they will not be attacked while

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[1] Also sent to Bangkok and Rangoon; repeated to USUN.

evacuating. Department believes Burmese views as set forth Rangoon's 342[2] and amended Rangoon's 362[3] should suffice for such assurances. Burmese committed not interfere with evacuation and to cooperate fully with committee, and if Chinese accept Burmese views without delay no military action will be taken before November 15. Embassy Taipei therefore urge Foreign Minister "accept views" without delay and instruct Bangkok representative make this known and set evacuation machinery in motion soonest. If Chinese sincerely wish evacuation now is time to start and if they accept within next few days there should be time for evacuation in stated period.

According Bangkok's 748[4] evacuation groups can start moving in two weeks during which time US control teams should be able arrive and Thai administrative arrangements be ready. Department does not however believe Burmese should set hard and fast time limit for ceasefire especially in view factors beyond Chinese control such as US and Thai arrangements, which cannot begin until GUB terms agreed on. Embassy Rangoon should make this clear to GUB and make every effort obtain assurances no evacuees will be attacked within reasonable period after November 15 if bona fide evacuation still going on. This is clearly within spirit of Prime Minister's statements on subject (Rangoon's 353).[5]

Thai will presumably soon obtain "direct" assurances similar those given Sebald by GUB. Immediately these obtained and Chinese assent to move Embassy Bangkok should press Thai proceed their arrangements and should request US control teams report soonest.

Department believes arms question should be left open with arms placed in committee custody till inventoried for evacuation record, disposition to be decided later. Possibly could be sold to Thai or Burmese, proceeds to form part of Chinese contribution to costs evacuation. To extent possible evacuees should bring not only rifles but such heavier equipment as befits size of units.

Department concerned troublesome consequences foreseen Bangkok's 741[6] re Chinese interpretation evacuation of bases and pre-

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[2] *Supra.*

[3] Dated Oct. 16; Sebald reported that he gave the Foreign Minister a memorandum incorporating his understanding of Burma's undertakings with regard to the evacuation; it specified that the undertakings were contingent on the Chinese Government's acceptance of the proposals without delay. (690B.9321/10-1653)

[4] Not printed.

[5] Dated Oct. 15; it quoted reports of an Oct. 13 press conference by U Nu during which he stated that troops that were actually evacuating would not be attacked. (690B.9321/10-1553)

[6] Dated Oct. 15; it reported a conversation with the Chinese representative on the Committee, who stated that the troops were still ready to evacuate and that the

Continued

fers if possible proceed without reference ten-day extension for bases only (Rangoon's 344 amended 362)[7] which in any case not clear as pointed out Bangkok's 741.[8] Department considers wording evacuation plan, Section 5 a (11) a, b,[9] holds implicit Chinese agreement evacuate bases peacefully but recognizes Chinese Government unable influence all troops now in six bases to depart. Chinese Government should nevertheless make every effort insure that those who remain fully appreciate Burmese Army plans occupy bases soon as committee informs GUB those intending to go have left. This may act as lever induce as least some of remainder to leave bases even though not leaving Burma. Taipei request Foreign Minister clarify Chinese position this respect.

SMITH

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bases would be evacuated. The reference here is to a comment that the Embassy believed that "evacuation of bases" applied only to those willing to go to Taiwan. (690B.9321/10-1553)

[7] See footnote 4, *supra*.

[8] Reference is to a comment that the Embassy did not see how the additional 10-day ceasefire could apply only to the bases since the troops would presumably be en route to the evacuation point. (690B.9321/10-1553)

[9] This portion of the evacuation plan is quoted in Document 95.

No. 115

790B.5/9-2853: Telegram

The Secretary of State to the Embassy in the United Kingdom[1]

SECRET WASHINGTON, October 20, 1953—6:28 p. m.

2122. London's 1166[2] Rangoon's 287.[3] Department believes would be helpful if Service Departments UK Government would send to British Services Mission soonest their detailed comments on schedule items Burmese Government wishes buy from US Government (enclosure 5 to Rangoon despatch 66)[4] in order that US Service Attachés Rangoon may complete consultations with BSM undertaken with view coordinated action GOB's request reimbursable military aid.

Embassy London requested inform Foreign Office of foregoing and at same time outline general position Department summarized below.

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[1] Also sent to Rangoon.

[2] Document 100.

[3] Document 105.

[4] Not printed.

Although situation Burma obviously not ideal Department believes (a) ruling group not seriously challenged by Communist opposition (b) leaders form combination most capable safeguarding Burma independence (c) strongly nationalistic sentiment which induces leaders oppose any semblance foreign control unfavorable extension Communist influence and yet receptive assistance from West to strengthen position.

Since Burma's independence important to security free world Department believes prompt and favorable action should be taken on GOB request for military items it is ready to pay for and which will help it maintain order and guard frontiers. Inaction on our part seems likely not only damage relations US and UK with Burma and render more difficult task BSM but also force Burma look elsewhere for arms it wishes buy. If Burma feels obliged seek supplies from Communist sources elements friendly to US and UK within Burma and Burma's ties with free world will be weakened. Department doubts anything US or UK Governments do likely modify determination GOB not limit its source arms supply to one country, on contrary delays and restrictions which Burmese consider unreasonable will tend strengthen this determination and weaken influence UK and US.

Our service attachés Rangoon have screened Burmese lists with BSM and find them not unreasonable. Defense Department expresses same view after preliminary examination. Limits Burmese ability pay should check any tendency order excess needs. Department wishes completion discussions with GOB and BSM Rangoon under procedure phase II Deptel 6190 London, 1459 Rangoon,[5] and move into phase III soonest. Department hopes UK London's comments as requested by BSM may be taken into account in discussions under phase II. If however these comments are long delayed we may feel desirable, order not risk weakening position US and UK Burma, suggest to GOB all items on list already submitted informally be included in formal request for price and availability.

Embassy Rangoon requested clarify statements paragraphs 4 and 5 enclosure 1 despatch 66[6] re British position on vehicles, engineering equipment and animals included schedules B, C and D Army Supply list. Department reluctant base action solely on British inability to comment and absence specific instructions those items. If the Embassy view BSM clearly has no objection US selling those items Embassy should suggest to Burmese Defense Ministry that to expedite action formal request for availabilities and prices items schedules B, C and D Army Supply list be submitted now through diplomatic channels (phase III Deptel 1459 repeated London 6190).

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[5] See footnote 3, Document 70.

[6] Not printed.

Following receipt Embassy Rangoon reply preceding paragraph Embassy London should inform Foreign Office accordingly.

DULLES

No. 116

690B.9321/10-2053: Telegram

The Secretary of State to the Embassy in Burma[1]

SECRET PRIORITY WASHINGTON, October 22, 1953—5:45 p. m.

315. Department considers Taipei's 241[2] as Chinese acceptance Burmese views. If not already done Rangoon inform GUB Chinese accept and point 4 Rangoon's 376[3] now in effect. As soon as Ambassador deems timing right he should seek GUB assent continue cease-fire so long as bona fide evacuation taking place, pointing to necessary delays for US and Thai preparations. Would be helpful if assent could be communicated to Chinese at early date in view difficulties with Monghsat generals.

Re point 5 Rangoon's 376,[4] Bangkok state whether believed necessary control teams including Burmese observers go past Tachilek or other border points excepting possibly small group in special case.

Assume Bangkok has requested US control team soonest. Report when can be available. Department hopes Bangkok can persuade Thai lose no time their preparations pending working out final details Thai-Burmese assurances, Bangkok's 783.[5]

Estimate how soon first Chinese can be received at border.

DULLES

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[1] Also sent to Bangkok; repeated to Taipei and USUN.

[2] Not printed. (690B.9321/10-2253)

[3] Dated Oct. 20; it included the substance of a memorandum dated Oct. 19, given to Sebald by the Foreign Minister, confirming Sebald's understanding of Burma's views with regard to the evacuation. Point 4 stated that, with the understanding that Burma's views were accepted by the Chinese Government without delay, no Burmese military action would be taken against the foreign troops before Nov. 15. (690B.9321/10-2053)

[4] Point 5 of the memorandum cited in footnote 3 above stated that the Burmese Government wished to send two teams of observers to act as liaison with the Joint Committee.

[5] Not printed.

No. 117

690B.9321/10-2953

Memorandum of Conversation, by David McK. Key, Adviser to the United States Delegation at the General Assembly

CONFIDENTIAL [NEW YORK,] October 29, 1953.

Subject: Burmese Item[1]

Participants: U Myint Thein, Burmese Delegation
Ambassador Key, U.S. Delegation

I gave U Myint Thein a copy of the statement issued by the Joint Military Committee in Bangkok on October 29.[2]

U Myint Thein expressed appreciation and stated that this development was very helpful: it would render possible a constructive discussion of the Burmese item when this come before Committee One by creating an improved atmosphere.

He said that the announcement would enable him to follow a relatively mild line in his opening statement: while refraining from any attacks on the Chinese Government for its failure to induce a larger number of Chinese irregulars to evacuate Burma he would, however, have to make it clear that this number fell well below Burmese expectations and that the problem posed to Burma by the presence of foreign troops still remained essentially unchanged, that is to say, that whereas previously there were 12,000 irregulars who had to be dealt with, there would now still be 10,000. He would, therefore, voice the hope that efforts would continue to be made to induce additional irregulars to leave Burma. He would have to make it clear that in Burmese eyes the Chinese Government had not fulfilled the obligations set forth in the last Assembly resolution and that this problem could not be regarded as having been solved. The Chinese Government should not be permitted to consider this initial step as terminating the affair and closing the case.

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[1] The General Assembly decided on Sept. 17 to include in its agenda an item entitled "Complaint by the Union of Burma regarding aggression against it by the Government of the Republic of China: report of the Government of the Union of Burma." For text of the Burmese Government's report on the presence of foreign forces on its territory, submitted to the General Assembly on Sept. 10 in accordance with U.N. General Assembly Resolution 707 (VII), see U.N. document A/2468.

[2] The statement announced that the Republic of China had given assurances that about 2,000 foreign forces and their dependents would be evacuated from Burma and that it would disavow those remaining in Burma and would not help them with supplies, that Burma had agreed not to interfere and to cooperate with the Joint Military Committee, and that the evacuation would begin during the first week of November. The statement was transmitted to the President of the General Assembly with a letter of Oct. 29 from the Chairman of the U.S. Delegation, Henry Cabot Lodge, Jr.; for text, see U.N. document A/C.1/L.71.

So far as the November 15 date mentioned in the press release is concerned, U Myint Thein said that, of course, his Government was prepared to grant an extension if, as seems probable, additional time is required in order to carry out a bona fide evacuation. He would make this clear in the Committee if the question is raised.

U Myint Thein again repeated that he would not present any resolution nor would he encourage any move on the part of members of the Asian-African group to put forward a resolution.

No. 118

790B.5/10–3053: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, October 30, 1953—1 p. m.

415. My telegram 398.[2] British attitude re arms sale by US appears place US in invidious position where we must choose whether:

(a) Refuse sell anything to GUB and thereby bear onus supporting continuation British monopoly;
(b) Agree sell selected items with British concurrence, if possible obtain it; or
(c) If agreement with British impractical, unilaterally move to phase three.

Burmese reaction to (a) would seriously injure our relations with important and influential segment GUB. It would certainly result in continued limitation Burma's ability resist Communist aggression. (b) Although disappointing, could probably be made acceptable as evidence of US desires strengthen Burma especially if quantities supplied were substantial. (c) Would greatly improve our position with GUB and restore confidence in our sincerity. We hope as partial solution this problem, at least (b) may be possible. If situation explained, we hope UK would agree that it in best interests both UK and US avoid what would appear to GUB as connivance coerce it continue present unsatisfactory arrangement for arms procurement.

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[1] Repeated to London. Passed to Defense.

[2] Dated Oct. 27; the Embassy reported that a reply received from the British Chargé in Rangoon, in response to questions posed by the U.S. military attaches, indicated that the United Kingdom was willing and able to supply all Burma's arms requirements except napalm bombs. The timing of deliveries was not mentioned, and Sebald noted that the reply consisted of "general answers to specific questions." (690B.9321/10–2753)

In any event, recommend that effort be made elicit information from British as to their prices and delivery dates (which I understand have not been formulated . . .) for selected items on lists already submitted informally and that in cases where British less favorably placed or not inclined supply promptly, immediate effort be made for US do so. Decision on this matter and submission of US prices and availabilities would enable Embassy discuss with GUB question relative priorities in light Burmese financial limitations and lead to phase three of original procedure.

As one principal criticism against British has been for delays and circumventions rather than outright refusal sell, it will be most difficult convince GUB of real change British policy unless they make sincere effort supply Burmese needs promptly. We believe present delays in reaching decision on Burmese request harmful interests both US and UK and my service attachés are unanimous in their belief that their Burmese opposites are inclined suspect US motives in not moving ahead with arms procurement problem. Service attachés concur.

SEBALD

No. 119

890B.2317/10-2153: Telegram

The Secretary of State to the Embassy in Burma[1]

TOP SECRET WASHINGTON, October 30, 1953—7:04 p. m.

355. Your 389 rptd London 13.[2] Interests US would suffer in long run if other governments gain impression they could utilize Soviet or Chinese Communist offers of this kind as opportunity secure special advantages from US. Dept hopes [name deleted] can successfully put forward reasons unrelated to proposals involving expenditures by US in opposing acceptance of Communist offers.

Problem of Burma's rice surplus has two aspects: (1) Urgency of disposing of present surplus; (2) Desire for assurances future exportable surplus can be sold at reasonable prices.

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[1] Repeated to London.

[2] Dated Oct. 24; it reported a conversation concerning the possibility that Japan might purchase some of Burma's rice surplus. (890B.2317/10-2453)

Dept hopes that long-range problem can be met in large part by Jap purchases (Deptel 340).[3] Re present surplus Dept anxious assist if possible through diplomatic channels and does not believe difficulties so critical as to oblige Burma conclude with Communist nations long-term contractual engagements which have strings attached such as obligation furnish strategic materials.

Dept fears such long-term commitments might endanger Burma's freedom of action and draw Burma into Communist orbit.

Dept believes that by first consulting with its traditional buyers Burma would not only protect its interest in preserving traditional markets on which its economic well being depends but would have logical reason for avoiding irrevocable decision which might result in making Burma politically dependent on Communist China.

Your info only, Dept is reviewing possibilities facilitating purchases Burma rice surplus by Japan and India and usefulness consulting UK Government on (a) increased UK purchases for Malaya and Hong Kong (b) diplomatic approaches by UK to Commonwealth countries concurrent with US diplomatic approaches to other countries (c) facilitating acquisition sterling by Japan to cover purchases from Burma. Various proposals involve policy and legislative considerations which prevent immediate accommodation Kyaw Nyein's request beyond approach to Japanese already initiated. Dept will continue efforts achieve early results on KMT troops and reimbursable aid.

DULLES

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[3] Telegram 340 to Rangoon, sent to Tokyo as 1007, Oct. 28, instructed the Embassy in Tokyo to encourage a proposed Japanese purchase of Burmese rice. (894.2317/10–2353)

No. 120

690B.9321/11–453: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State[1]

SECRET TAIPEI, November 4, 1953—5 p. m.

260. Embassy officer summoned to Foreign Ministry today and handed following translation of message to Li Mi from "Unified Military and Political Committee" in Mong Hsat dated October 30:

"1. Bombing of Mong Hsat October 29 by Burmese Air Force when troops again being concentrated for evacuation showed beyond any doubt that Burmese assurance of cease-fire was merely a trick. American guarantee that Burmese would act in good faith therefore also unreliable.

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[1] Repeated to Bangkok and Rangoon.

"2. In compliance with wishes of government, first batch of 400 evacuees will still be despatched to Tachilek. They will arrive there in three groups on November 3, 4 and 5 respectively. Further evacuation will have to depend on course of action to be taken by Burmese and American Governments.

"3. No adequate means of transportation such as rolling stock or motor vehicles are available here. The way that American Government continues to side with Burmese and exert pressure for speedier evacuation despite practical difficulties involved has made our men feel very resentful."

Foreign Ministry official said message contained additional paragraph which Foreign Minister reluctant to reveal to Embassy. He made off-the-cuff translation roughly as follows:

"United States at first supported us, but now they are supporting Burmese. Without US support Burmese would not have launched attacks against us. . . ."

Rankin

No. 121

Editorial Note

Between October 31 and November 5, the First Committee of the United Nations General Assembly considered Burma's complaint concerning the presence of foreign forces in Burmese territory. On November 5, Australia, Brazil, Canada, India, Mexico, New Zealand, and the United Kingdom submitted a draft resolution providing that the First Committee should adjourn further consideration of this question to a date not earlier than November 23. (U.N. document A/C.1/L.73) The First Committee adopted this resolution on November 5 by 50 votes to 3, with abstentions. United States Representative Archibald J. Carey, Jr., stated that the United States Delegation abstained in view of the role the United States Government had played in the past and the possibility that the parties concerned might wish the United States to continue to exercise its good offices. For the record of the Committee's discussions, see U.N. documents A/C.1/SR.653-657; for texts of statements made by Carey during the discussions, see Department of State *Bulletin*, November 30, 1953, pages 761-764.

No. 122

690B.9321/11-453: Telegram

The Acting Secretary of State to the Embassy in the Republic of China[1]

SECRET PRIORITY WASHINGTON, November 5, 1953—6:39 p. m.

399. Your 260.[2] Alleged bombings while declared fabrication by Burmese (Rangoon's 72 to Taipei)[3] may be made use of by jungle generals, whether true or not, as pretext for hitch in evacuation following first token batch (para 2 your 260). As jungle generals evidently enjoy excellent communications with Formosa, suggest Chinese Government use this channel to rectify patent misconception US role and reiterate importance of prompt evacuation 2000 to China's position before UN and world.

US far from "siding with Burmese" has made every effort place Chinese position best possible light in current UN debate. Base of this support will however be weakened if categorical Chinese commitments in UN (our 390 to Taipei),[4] as well as Chiang's assurances to President of best efforts for concrete results,[5] are brought to nought through uncooperativeness jungle generals. Latter playing into hands of communists who impugn good faith US and China and assert no real evacuation ever intended at all. (UN has just suspended debate on issue to November 23, to verify if 2000 indeed evacuated during coming weeks. It is thus imperative evacuate 2000 soonest.)

Difficulties transportation to border are regrettable (your 260 para 3) but after Burmese withdrew from Committee Chinese Government volunteered evacuees would reach border under own power and this well over a month ago. Therefore hope jungle generals will overcome difficulties.

Assume Burmese denials of bombings transmitted Foreign Minister. Re last paragraph your 260 Department confident this unwarranted gambit will not cause Chinese Government weaken its determination continue, as will US Government, joint effort achieve maximum evacuation.

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[1] Repeated to Bangkok, Rangoon, and USUN.

[2] Document 120.

[3] Telegram 72 from Rangoon to Taipei, sent to the Department as 430, Nov. 4, is not printed.

[4] Dated Nov. 3; it pointed out that Chinese Representative Tsiang, in a statement before the First Committee on Oct. 31, publicly committed the Chinese Government to evacuating at least 2,000 troops and disavowing those who remained in Burma. The Embassy was instructed to impress upon the Chinese Government the need to carry out the evacuation promptly. (690B.9321/10-3153)

[5] Reference is to Chiang's letter of Oct. 8 to Eisenhower; see footnote 4, Document 112.

SMITH

No. 123

690B.9321/11-253: Telegram

The Secretary of State to the Embassy in Burma[1]

SECRET PRIORITY WASHINGTON, November 9, 1953—6:44 p. m.

387. Part I.

Department continues concerned at possible delay after first batch 400–500 evacuees and fears jungle generals will veto proceedings (para 2 Taipei's 260).[2] Despite Rangoon's 428[3] Department hopes now that some troops have crossed border (Rangoon's 421)[4] GUB will make and publicize commitment extend cease-fire. Embassy Rangoon therefore transmit request extension to December 1 to GUB in name of Committee, Part 1 Bangkok's 910.[5] Point to procedural delays such as Bangkok's 911[6] which almost inevitable in such operation but which Department hopes Committee will solve. Point out UN postponed consideration to November 23 at earliest and discussion will probably continue to December 1. Hostilities would cause operation collapse with blame on Burma. If on-the-spot Burmese recommendation necessary for extension, suggest GUB refer question to Burmese garrison Tachilek carrying on in absence appointed observers.

Part II.

Embassies Taipei and Bangkok should inform Rangoon Chinese Government reply to question of bases (Rangoon's 447[7] and Bang-

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[1] Also sent to Taipei and Bangkok; repeated to USUN.

[2] Document 120.

[3] Dated Nov. 3; it reported that the Burmese Foreign Office considered that Burma's previous commitments adequately guaranteed the safety of the evacuating troops. (690B.9321/11-353)

[4] Dated Nov. 2; the Embassy commented that the Burmese Government probably would not extend the ceasefire beyond Nov. 15 until the evacuation had begun. (690B.9321/11-253)

[5] Dated Nov. 8; it transmitted a request by the Joint Committee that the Burmese Government continue the ceasefire until Dec. 1; the telegram added that, if Burma extended the ceasefire until Nov. 25, the request might be withheld pending further developments. (690B.9321/11-853)

[6] Dated Nov. 9; the Embassy in Bangkok reported that the evacuation was temporarily halted because the Burmese observers at the evacuation point refused to allow 38 members of the foreign forces to leave Burma because they were Burmese nationals. (690B.9321/11-953)

[7] Dated Nov. 6; the Embassy in Rangoon reported that the Foreign Minister confirmed that, if the Chinese Government agreed that the bases would be handed over

Continued

kok's 910) but Department believes cease-fire should be extended regardless this point.

Part III.

Re our 399 to Taipei,[8] continue every effort induce Chinese Government persuade jungle generals cooperate in moving succeeding evacuation batches soonest. Burmese cooperation at Tachilek may be cited to dispel fears reported Bangkok's 914.[9] Believe helpful if Chinese Government make known to evacuation candidates that first group well treated and operation being observed not only by representatives US, Burma, China, Thailand, but also UK and France.

Part IV.

Bangkok's 914 last paragraph.[10] Taipei support forcefully as possible with Chinese Government.

Part V.

Guidance re last paragraph Taipei's 260 in later message.[11]

DULLES

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peacefully no later than Nov. 25, the ceasefire would automatically be extended until that date. (690B.9321/11-653)

[8] *Supra.*

[9] Dated Nov. 9; it reported the arrival of the first 155 evacuees at the evacuation center on Nov. 7. The evacuees were fearful because they were unsure of the Burmese reaction to their presence. (690B.9321/11-953)

[10] This paragraph reported that the evacuees had not brought any weapons; the last paragraph urged action by the Department and the Embassy in Taipei to make the troops carry out their weapons in order to strengthen the Chinese public position.

[11] Telegram 392 to Rangoon, also sent to Bangkok and Taipei, Nov. 10, instructed the Embassies as follows:

"If irresponsible charges US involvement made public by jungle generals or their spokesmen Department considers it preferable Embassies not become involved in dispute with jungle generals, or dignify and give added circulation to any charges they might make by taking official cognizance of them. If atmosphere your post should in your judgment make official statement advisable you should at that time make your recommendation to Department." (690B.9321/11-653)

No. 124

690B.9321/11-2353: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, November 23, 1953—5 p. m.

504. Bangkok's 1002[2] raises fundamental questions whether (a) present evacuation is not in fact smokescreen for continuation KMT operations in Burma; (b) Li Mi possibly aided and abetted by certain segments Chinese Government proposes keep control over those remaining with view continuing nefarious operations in Burma and Thailand including opium smuggling racket.

It appears me time has arrived when US Government should squarely face issue whether it should continue bear brunt criticisms over this affair in Burma in particular and SEA in general when party most directly involved fails exert its utmost in bringing about reasonable solution. Argument that Chiang has no influence over Li Mi and thus over KMT's is patently transparent. Key to problem appears lie in Chiang's hands who could if he would I believe cleanse this sordid affair without undue difficulty.

Unless present favorable opportunity is seized now in endeavor once and for all solve this problem I can only anticipate continuing difficulties and serious obstacles our relations not only with Burma but I should think in our endeavors give support Chinese Nationalist Government's international position in UN and elsewhere.

I therefore strongly recommend Embassy Taipei be urged make strong approach to Chiang pointing out folly of present halfway measures.

SEBALD

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[1] Repeated to Bangkok and Taipei.

[2] Dated Nov. 18; Donovan reported that he witnessed the arrival of a Chinese detachment at the evacuation center the previous day. Lt. Gen. Lu Kuo-ch'uan, Commander of the 28th Army, told Donovan that until a few days before, he had 2,000 men in his command but that all but 450 were taken from him by the "Mong Hsat Committee." (690B.9321/11-1853)

No. 125

690B.9321/11-2553: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

SECRET WASHINGTON, November 25, 1953—7:01 p. m.
PRIORITY

473. Considerations advanced Bangkok's 1033[2] and Rangoon's 504[3] were included in forceful presentation US views to Ambassador Koo by Robertson 24th. After reviewing apparently deliberate delays and noncompliance with evacuation agreement on part Jungle Generals, Robertson pointed out probable serious consequences to Chinese Government position renewed Burmese complaint UN and mentioned that non-surrender arms would indicate bad faith Chinese Government.

Koo agreed send urgent telegrams President Chiang and Foreign Minister Yeh expressing US concern in strongest terms. Substance Robertson/Koo conversation summarized in *aide-mémoire* delivered Chinese Embassy late 24th.[4]

DULLES

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[1] Repeated to Rangoon, Bangkok, and USUN.
[2] Not printed. (690B.9321/11-2353)
[3] *Supra.*
[4] Not printed.

No. 126

033.1100 NI/11-2753: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, November 27, 1953—5 p. m.

518. At function for Vice President Nixon[2] last night Foreign Minister told me it essential his hand be strengthened with more than mere promises when question of cease-fire extension considered by Cabinet as Chinese performance to date clearly indicated evacuation is "phony" and Chinese Government has failed demonstrate good faith. He felt Vice President Nixon could be of help in this regard having previously had discussions KMT problem with Burmese President, Prime Minister, Defense Minister and himself in consequence of which Vice President fully conversant with Bur-

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[1] Repeated to Bangkok and Taipei; repeated to New Delhi by the Department.
[2] Vice President Richard M. Nixon visited Burma, Nov. 24–27, as a part of a trip through Asia and the Middle East; regarding his trip, see Part 1, p. 352.

mese point of view as well as political consequences which might follow should problem not be speedily solved. Although I had little opportunity discuss KMT problem with Vice President he was well-informed considerations involved including views of Chinese and Thai Governments[3] as well as US Government policy.

Vice President had already given "on the record" talk with American correspondents November 25 (mytel 514[4]). In private conversation with GUB leaders he expressed conviction problem can and must be solved negotiations continued and evacuation made more effective.

On way to airport today I informed Vice President of Foreign Minister's conversation mentioned above. At airport Vice President invited Prime Minister and Foreign Minister into plane for brief final discussion. Vice President told them he understood their concern and skepticism re further assistance which US Government can appropriately render in finding solution KMT problem but that he did not share their pessimism. He felt solution satisfactory to GUB is possible and that further measures by US Government are feasible although of course unable say what measures could or would be taken as this solely within province President as advised by Secretary State. To this end Vice President assured them he would at first opportunity sent telegram giving his recommendations to Secretary State for discussion with the President in consequence of which he hoped positive results would follow. Above all else he hoped negotiations would not be discontinued and that cease-fire could be extended for reasonable period. Neither Prime Minister nor Foreign Minister gave any commitments but appeared gratified Vice President's assurance.

SEBALD

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[3] Nixon also visited the Republic of China and Thailand in the course of his trip.

[4] Not printed.

No. 127

690B.9321/11-2853: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State[1]

SECRET TAIPEI, November 28, 1953—1 p. m.

308. Following comments relate in sequence to paragraphs of Rangoon's 504 to Department.[2]

1a. Present evacuation occurring solely in response strong US pressure arm [*and*?] Chinese have undertaken to repudiate those remaining in Burma after current withdrawal completed. It should not be difficult to determine whether this is lived up to. Meanwhile suggestions of bad faith unlikely to help matters.

1b. Purely speculative. May contain minor and incidental element of truth but could scarcely affect policy decision of Chinese Government.

2. No one denies President Chiang has degree of influence of Li Mi or that latter has degree of influence over considerable number of Chinese in northwest Burma. Also no one here assumes either Chiang or Li Mi or both to have anything approaching effective authority over more than fraction of many thousand Chinese who have sought refuge in Burma since 1949. In my opinion Chiang incapable of accomplishing appreciably more than he is now doing to meet US wishes.

3. No evidence available here that removal of 2,000 Chinese, or of any larger number President Chiang might persuade to leave, or of any particular quantity of arms, would "solve" problem. At best situation can be measurably relieved and credit gained by US for sincere effort.

Taipei Embassy has made numerous approaches to Chinese Government fully as strong as Department instructed, many more than specifically directed; it is always ready to take still stronger line including issuance of threats of any kind desired. When latter point previously raised some time ago Department rejected idea, I believe rightly.

Assuming purpose of current evacuation movement is to get as many Chinese troops out of Burma as possible, I believe present continuous flexible pressure on all parties and urging of patience as regards timing most likely produce maximum results. Crackdown on Chinese could well have opposite effect stopping movement entirely and producing rift with most serious effect on progress of our current 2 billion dollar aid program for free China. Communist propaganda should be expected to exploit affair no matter what happens but would gain maximum benefit from Chinese-US breach which inevitably would become common knowledge.

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[1] Repeated to Bangkok and Rangoon.

[2] Document 124.

RANKIN

No. 128

690B.9321/11-2853: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

SECRET WASHINGTON, November 30, 1953—6:11 p. m.
PRIORITY

487. Department agrees last paragraph your 308[2] and believes additional pressure now called for to produce satisfactory arms showing. *Aide-mémoire* referred to our 473[3] pointed out evacuation plan signed by China provided evacuees surrender arms at border and failure do so was breach; consequences of present tactics would be unfortunate and Chinese good faith questioned. Evacuees appearing at border should carry arms and Chinese Government should quickly state intentions re weapons collected at Monghsat.

After initial statements Burma, China, US in UN November 27 Burma item unexpectedly deferred on motion India, probably resume December 2.[4] Only reference arms in Tsiang statement November 27, was that leader of foreign forces promised Chinese Government send arms out in bloc. Evacuees during past week have brought out very few more arms.

Most effective for China position would be positive announcement in UN by December 2 that arms being sent Monghsat to Tachilek; if this not possible definite date should be announced earliest. Department also hopes order just forwarded jungle generals to send out commensurate arms will bring early results (part 2 Bangkok's 1083)[5] and that this can be included in statement. Urge Foreign Minister make statement soonest.

DULLES

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[1] Repeated to Bangkok, Rangoon, and USUN in New York.

[2] *Supra.*

[3] Document 125.

[4] For the records of discussions in the First Committee on Nov. 27 and Dec. 4, see U.N. documents A/C.1/SR.677-679. The texts of statements by U.S. Representative Carey are printed in Department of State *Bulletin*, Jan. 4, 1954, pp. 32-34.

[5] Part 2 of telegram 1083, Nov. 30, reported that I Fu-de had informed Palmer on Nov. 28 that Chou Chih-jou had just sent orders to the generals in Burma to send out weapons commensurate in number with the troops evacuated. (690B.9321/11-3053)

No. 129

690B.9321/11-3053: Telegram

The Ambassador in India (Allen) to the Department of State

TOP SECRET NIACT NEW DELHI, November 30, 1953—7 p.m.

844. Eyes only for Secretary from the Vice President.

1. While in Rangoon I had several lengthy conversations with the President, the Prime Minister, Foreign Minister and other top members of Government of Burma. Without exception their primary preoccupation is the KMT troop issue. It permeates their thinking to the point of obsession and vitiates their ability to act on other domestic and foreign matters. Furthermore, they are convinced, quite irrationally, that the US, if it so desires, can exert sufficient pressure on Chiang to force him to "call off his dogs".

2. I understand that the evacuation is proceeding unsatisfactorily with few able-bodied men and a negligible amount of equipment leaving Burma while depredations by the remaining troops continue. There is no question whatsoever that the situation is explosive and may erupt at any time.

3. In my talks with Chiang on this matter in Taipei he left me with the impression that he was sincere in trying to remove the KMT troops but I am inclined to believe now that either he does not have full control over them or is not being honest with us in effecting their evacuation.

4. Whatever the merits or demerits of the case, the United States is in the middle and therefore should intensify its efforts to find an answer which will relieve the tensions or at least clarify its position.

5. Realizing that the Burmese position is not entirely rational and that Chiang's sincerity is open to doubt, I think we should bring strong pressure to bear on the Burmese to continue the cease-fire for at least another thirty days.[1] At the same time we should bring equally strong pressure on Chiang to clarify his position publicly with respect to the KMT troops remaining in Burma. A definite date should be set after which the remaining KMT troops will be considered renegades and open prey for Burmese armed forces.

6. Should Chiang refuse to make a public statement along these lines, we should inform him that the United States is no longer willing to be party to his procrastination and will not be responsible for the consequences flowing from the continued presence on

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[1] On Dec. 1, the Burmese Government announced the extension of the ceasefire until Dec. 15.

Burmese soil of troops over which he appears to have no control. It should be made clear that this issue will then become a domestic civil disturbance to be dealt with by the Armed Forces of Burma and will no longer be a matter of UN concern.

7. I realize that our skirts are not entirely clean in this matter but I do not think we can afford to let fear that our earlier indiscretions will be revealed (as they undoubtedly will be) prevent us from taking those actions which are necessary to reduce this issue to manageable proportions.

I leave to your discretion what parts of this message you pass to Sebald, Donovan and Rankin. I told Sebald I would telegraph you and would like him informed that I did so.[2]

ALLEN

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[2] Telegram 612 to New Delhi, Dec. 2, approved by Secretary Dulles, replied as follows:

"Cease-fire extended December 15 and Department instructed Sebald prepare ground with Burmese Government possible further extension if evacuation then still producing results. Prefer no advance cut-off date long as further evacuation possible. Chinese Government has stated clearly it will wash hands of those remaining soon as willing troops evacuated, and Li Mi will dissolve his army.

"Evacuation proceeding more satisfactorily in quality evacuees. Department making every effort increase arms surrendered. Appreciate your helpful work with Burmese." (690B.9321/11-3053)

Telegram 481 to Rangoon, Dec. 2, informed Sebald that the Vice President had cabled and that the Secretary had brought him up to date on the continuing U.S. efforts. (033.1100 NI/11-2753)

No. 130

690B.9321/12-253: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State[1]

SECRET TAIPEI, December 2, 1953.

318. Re Department's 487.[2] Urged Foreign Minister make statement or have one made in UNO along lines last paragraph reference telegram. He promised attempt say something to help arms situation but is handicapped by absence so far of reply from jungle generals to November 27 instructions sent to them from Ministry National Defense in this connection.

Both Foreign Minister and Chief of Staff disappointed over rather negative response from jungle generals to separate "final appeals" recently sent them over signatures of President Chiang, Premier Chen and Chief of Staff Chou urging everyone come to Formosa, making various promises to those who would come and stating flatly that no help would be sent to those remaining behind. Foreign Minister says Generalissimo angry at their action in setting up "general headquarters of anti-Communist united forces of free peoples in Southeast Asia" and distributing circular described paragraph 6 Bangkok's 1083 to Department.[3]

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[1] Repeated to Bangkok and Rangoon. The source text does not indicate the time the telegram was sent.

[2] Document 128.

While no detailed information on subject available here it seems probable that greater part of serviceable arms remaining in hands of foreign forces in Burma are those received from outside source in 1951. Whether they are identifiable as such, either from markings or from any remaining packing, is not known to us. It has been suggested however that jungle generals may be tactically justifying their withholding of arms due some such considerations. Committee may have opinion on this score.

Rankin

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[3] The paragraph under reference in telegram 1083, cited in footnote 5, Document 128, reported that on Nov. 27 a group of evacuees distributed to those present at the evacuation point mimeographed sheets in English and Burmese, entitled "circular letter to Burmese military officers and soldiers" and signed by "general headquarters of anti-Communist United Forces of Free Peoples in Southeast Asia." The circular declared that all the Chinese guerrilla troops had withdrawn to Taiwan, and all the troops remaining were "international anti-Communist forces" consisting of various Burmese and other ethnic groups. It urged Burmese military officers and soldiers to join with them to oppose the Communists, maintain democracy and justice, and protect the peace of Southeast Asia. (690B.9321/11-3053)

No. 131

790B.5/12-553: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, December 5, 1953—11 a. m.

548. Embassy telegram 519[2] Department's telegram 461.[3]

1. US offer to supply only items approved by British would probably be accepted by Burmese as some evidence our good faith and would also confirm close US-UK collaboration. As we have repeatedly stated that we wish see Burmese armed forces materially

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[1] Repeated to London.

[2] Dated Nov. 27; it reported that the British Services Mission informed the Embassy that the British could supply almost all the military equipment desired by the Burmese but would not object if the United States supplied specified categories of equipment. (790B.5/11-2753)

[3] Not printed.

strengthened our position is weakened, however, by our inability convey to GUB some indication that British will make sincere effort supply promptly other items on Burmese preliminary list. So far we have had no such commitment from British who we fear will continue use control of arms supply to exert pressure on GUB.

2. Recommend we accept suggested arrangement (except as to naval items) as best way out of bad situation and proceed with phase 3 for items approved by British, pointing out to GUB that British state they are able and willing to furnish any other items on list except napalm bombs. It would also be helpful could we inform GUB and British that we assume British will make effort send desired supplies promptly but that in case they unable do so we would be ready to consider further assistance.[4]

[Here follows discussion of specific items on the Burmese preliminary list.]

SEBALD

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[4] The Department replied on Dec. 17 that it agreed on proceeding to Phase 3 as soon as possible for items on which the British had no reservation but that before making a formal request, the Burmese Government would probably prefer to study Department of Defense estimates on prices and availability which would be pouched to the Embassy. If the British did not take action within a reasonable time with regard to the items they wished to supply themselves, the Department would wish to reconsider the U.S. position. (Telegram 528; 790B.5/12-553)

No. 132

690B.9321/12-753: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State[1]

CONFIDENTIAL PRIORITY TAIPEI, December 7, 1953—7 p. m.

328. Foreign Minister informs me President Chiang was shown intercepted message addressed to jungle generals by Li Mi of which tenor was contrary to President's instructions. As result latter on December 5 sent strongly worded telegram over his signature to General Liu Yuen-ling[2] insisting all who could evacuate, warning

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[1] Repeated to Bangkok and Rangoon. Received at 10:39 a.m.

[2] On Dec. 10, the Embassy in Taipei transmitted a free translation of the telegram supplied by the Chinese Foreign Office. It stated that Li Mi's health and the political situation made it impossible for him to return to Mong Hsat, that it was imperative that all commanders should be urged to abide by the government's exhortations to evacuate their forces, that further struggle in the border regions would reduce them to an untenable position, and that after thorough consideration, Chiang felt there was no alternative to evacuation. It concluded by appealing to all officers and

Continued

them against attempting bring Burmese with them, et cetera. Reply received today from Liu encourages Foreign Minister to believe considerable addition number can be withdrawn. He therefore asks our urgent help as follows: (1) Tell Burmese that Chinese Government is continuing efforts to get out additional men and has hopes of succeeding; (2) seek extension of cease-fire for at least two weeks; (3) keep committee functioning; (4) ask Burmese do their utmost to prevent incidents.

RANKIN

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men to come to Taiwan and stated that if the appeal was heeded, "there will be a way to success in your dedicated cause, otherwise there is no hope of survival." (Telegram 335; 690B.9321/12-1053)

No. 133

690B.9321/12-753: Telegram

The Acting Secretary of State to the Embassy in Burma[1]

SECRET PRIORITY WASHINGTON, December 7, 1953—6:58 p. m.

496. Taipei's 328[2] and Bangkok's 1135.[3] Department agrees most desirable evacuation continue long as evacuees available.

Embassy Rangoon act soonest on first second and fourth points Taipei's 328 (Rangoon 69) on basis extension till end December for time being.

Embassy Taipei inform Foreign Minister we broaching matter as requested but point out GUB unlikely grant extension until tangible evidence more evacuees forthcoming. Urge Chinese Government (a) obtain further data soonest number, quality and location additional candidates, which communicate Rangoon; (b) that movement at least some of these begin before December 15 as evidence evacuation not ending with movement scheduled December 8 (Bangkok's 1130,[4] also our 497 third paragraph[5]).

Taipei also stress in strongest terms necessity for more arms. Not only should Chinese Government commit additional evacuees to bring arms, but it most important back up statement made in UN

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[1] Also sent to Taipei and Bangkok; repeated to USUN.

[2] *Supra.*

[3] Dated Dec. 7; it requested instructions as to whether the Embassy should attempt to have the evacuation continued after Dec. 8. (690B.9321/12-753)

[4] Dated Dec. 6; it reported that Li Wen-pin informed the Joint Committee that no more evacuees would leave Burma after Dec. 8. (690B.9321/12-653)

[5] The paragraph under reference in telegram 497 to Taipei, Dec. 3, pointed out that the foreign forces' schedule of evacuation would not meet the Chinese commitment to evacuate 2,000 troops by Dec. 15. (690B.9321/12-253)

December 4 by Chinese representative[6] who said he had just received information bulk lot arms being shipped Monghsat to Tachilek arriving very soon. Bangkok inform Committee this statement and ask what developments.

Re point three Taipei's 328, Embassy Bangkok inform Committee of developments and request it keep functioning at least till end this movement. Embassy also make recommendation for continuity US representation in view Palmer departure end of year.

Re prisoners and refugees, Bangkok's 1123.[7] Rangoon's action awaiting roster (our 1145 to Bangkok)[8] which should be furnished soonest.

SMITH

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[6] Chinese Representative Chen Chih-mai made this statement before the First Committee; for the record of the meeting, see U.N. document A.C.1/SR.679.

[7] Telegram 1123, Dec. 4, concerned plans for the evacuation of Chinese prisoners and refugees from Burma and Burmese prisoners from Mong Hsat. (690B.9321/12-453)

[8] Telegram 1145, Dec. 4, stated that the Chinese should supply a roster of the Burmese held in Mong Hsat, as called for in the evacuation plan. (690B.9321/12-453)

No. 134

Editorial Note

On December 8, the United Nations General Assembly adopted Resolution 717 (VIII), which noted that limited evacuation of foreign forces personnel from Burma had begun, expressed concern that the foreign forces had surrendered few arms, urged continuing efforts by all those concerned for their evacuation or internment and the surrender of all their arms, urged all states to refrain from providing assistance to the foreign forces, and invited the Burmese Government to report on the situation as appropriate. The resolution was adopted by 56 votes to none with 1 abstention (the Chinese Representative not participating). For the record of the meeting, see U.N. document A/PV.470.

No. 135

690B.9321/12-1553: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State[1]

SECRET PRIORITY TAIPEI, December 15, 1953—5 p. m.

349. Re Embtel to Department 344 repeated Bangkok 80, Rangoon 76.[2] Foreign Minister showed Jones this morning copy of telegram received from General Liu Yuen-ling from Monghsat dated December 13 requesting that jungle generals be given one month for preparation so that next phase of evacuation may begin latter part of January. Program would be designed to remove 150 soldiers per day as reported reference telegram. When two-thirds of evacuees scheduled for first month had been processed committee would be informed number ready for second month evacuation.

General Liu pointed out in telegram that it would take nearly two months for troops to walk in from north and south locations which was reason for delay.

(*Note:* Military Attaché here who is familiar with territory reports it is approximately 800 miles by foot through rugged country from guerrillas stronghold in north at Myitkyina to Chiengmai but points out there are good airfields at both Bhamo and Myitkyina. Foreign Minister has requested Ministry of National Defense to explore possibility of evacuation by air.)

Total target number of evacuees in new phase not yet possible to ascertain but General Pao Li of Ministry of National Defense who was present at conference with Foreign Minister informed Jones MND estimated 3 to 4 thousand men.

In this connection General Pao requested that Burmese cease-fire be extended to all points and not limited to specified corridors to permit travel of evacuees from all directions. He said if Burmese would refrain from military action for three months he believed most of remaining foreign forces could be brought out.

In explaining sudden change by jungle generals Foreign Minister said this resulted from two developments (a) personal appeal by Generalissimo, (b) generals in favor of evacuation now for first time have upper hand.

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[1] Repeated to Bangkok and Rangoon.

[2] Telegram 344, Dec. 15, reported that Yeh told Jones that the generals in Burma and the Defense Ministry were working on a plan to evacuate 150 men daily to a total of 2,000 a month but that the difficulties involved might prevent the schedule from taking effect until January. Jones cautioned against delay, stressing the importance of prompt action to demonstrate Chinese good faith. (690B.9321/12-1553)

Jones repeated points made in reference telegram and stressed necessity for more immediate evidence of good faith. He raised question as to whether there were not still troops in vicinity of Monghsat who could be evacuated this month. Foreign Minister and General Pao agreed that effort in this direction could be made but emphasized necessity of continuing basic headquarters organization as reception center for new arrivals.

Two points remain to be settled before plans can be finalized. (1) Assurance that funds will be made available to meet obligations incurred by foreign forces in Burma as outlined reference telegram[3] and (2) question of arms. Each soldier regards his rifle as his own personal property and wants assurance he can bring it to Formosa with him, General Pao said. Jones pointed out difficulties involved in this and said it was a matter to be determined by the joint committee in Bangkok.

Foreign Minister was more optimistic than ever as to possibility for obtaining genuine settlement problem foreign forces in Burma but emphasized repeatedly importance of cooperation and patience on part of Burmese Government. We have strong assurance that no delaying tactics involved, that genuine cooperation appeared to be forthcoming from Monghsat headquarters.

RANKIN

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[3] Reference is presumably to telegram 343 from Taipei, Dec. 14, which reported Yeh's request that the United States consider providing a minimum of $200,000 to the Joint Military Committee to assist in meeting the obligations of the evacuees. Yeh considered this plan preferable to the small bonus payments previously contemplated and thought it would greatly enhance the evacuation, since the troops owed debts to the local tribesmen who would be aroused if the men were to leave without paying them. (690B.9321/12-1453)

No. 136

690B.9321/12-1753: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET PRIORITY RANGOON, December 17, 1953—1 p. m.

581. Taipei's 349.[2] I am certain Department realizes that Chinese Government makes no commitment in reference telegram and that experience has proven that any large scale commitment by jungle generals is worthless. Should this proposal be seriously urged upon

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[1] Repeated to Bangkok and Taipei.

[2] *Supra.*

GUB it is certain that some embarrassing questions will have to be answered. They might well ask:

1. "Why has hard core not been evacuated although presumably under greatest control by Chinese Government?"
2. "Why have arms not been surrendered?"
3. "Why have troops failed turn over all or some of 6 bases?"
4. "Why has no concrete action been taken during latest extension cease fire?"

I also hope Department will not overlook inescapable fact that US integrity and good will are mortgaged up to hilt in this matter. In consequence each time we urge Burmese to course of action which does not pay off we lessen probability Burma will continue its orientation toward free world. I need hardly repeat that KMT problem in Burmese eyes has always been one which only Chinese Nationalist Government can solve. Idea that latest proposal originates in MND of Chinese Government and is advocated by Foreign Minister appears support Burmese contention.

Burmese are essentially simple and inexperienced people but should they suspect that they are being victimized they could irrespective of consequences I believe make *volte-face* to redeem themselves in their own conscience. In present situation new direction could only lead toward Communist bloc.

For above reasons I am reluctant use forceful approach (Deptel 521)[3] as to do so places US in position urging courses of action which GUB would interpret as accomplishing following Chinese objectives: (a) To prolong cease fire until end of dry season (my telegram 558)[4] and (b) to assure safe passage hard core troops and equipment moving southward to join Karen rebels (my telegram 579).[5] I am deeply apprehensive that if US lends support to this gambit by urging acceptance latest proposal and Chinese again fail produce results effects on our relations with Burma would be disastrous.

I, therefore, recommend following course of action:

1. Chinese Government make its proposal directly to GUB, to this end using Embassies Taipei and Rangoon as communications

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[3] Dated Dec. 15; the Embassy was requested to put the problem as forcefully as possible to the Burmese Government for a decision whether it would accept the Chinese proposition. (690B.9321/12-1453)

[4] Dated Dec. 8; Sebald stated that the Burmese would probably consider any new request to prolong the ceasefire as evidence that the Chinese were delaying the evacuation until the monsoon made military operations impossible. (690B.9321/12-853)

[5] Dated Dec. 16; the Embassy reported that it had learned of the construction of a 4,000-foot airstrip near Mawkhi, in an area which was largely Karen-occupied and into which, according to previous reports, Chinese troops from the Shan states had been moving. (690B.9321/12-1653)

channel but that GUB be allowed make its own decisions without pressure from US Government.

2. Concomitant with above if affirmative response GUB be urged rejoin joint committee (Bangkok 1222)[6] for formulation plans but that care be taken prevent recurrence frustrating delays which occurred prior to "first phase" evacuation.

3. That notwithstanding US Government commitment by UN resolution assist solving problem, care be taken US not be in position endorsing good faith of jungle generals.

My telegram 574.[7] Comment was predicated on optimism conveyed Taipei's 328, 334, 337, 340, 343 (last sentence)[8] which collectively gave distinct impression further evacuation from Monghsat area imminent. Reference telegram concerns entirely new proposal which negates premise previous optimism.

SEBALD

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[6] Dated Dec. 16; it reported that Thailand insisted that, if there was to be any further evacuation, the Joint Military Committee would have to agree upon a new evacuation plan. (690B.9321/12-1653)

[7] Dated Dec. 14; it reported that the Burmese Government had extended the cease-fire through Dec. 21 and commented, "This appears propitious occasion for handling KMT problem with broad strokes." (690B.9321/12-1453)

[8] For text of telegram 328, see Document 132; the other telegrams are not printed.

No. 137

690B.9321/12-1853: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State[1]

CONFIDENTIAL TAIPEI, December 18, 1953—7 p. m.

357. Department's 554,[2] Bangkok's 1240 to Department.[3] Discussed last paragraph first reference telegram with Foreign Minister who denies Chinese Government is responsible for or has any reliable information re alleged airstrip in southern Burma. He assumes it is one mentioned in press reports several weeks ago as being in vicinity of Amherst and regarding which Chinese Defense Ministry replied as above to his queries at that time. It seems to

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[1] Repeated to Bangkok and Rangoon.

[2] Dated Dec. 17; it instructed the Embassy to inform the Chinese Government of the reported airfield construction; request immediate investigation; point out that the report, if true, implied a resumption of Chinese supply of the troops in Burma; and stress the urgency of stopping it. (690B.9321/12-1653)

[3] Dated Dec. 18; it recommended that the Chinese Government be urged to make proposals to the Burmese Government through U.S. channels before Dec. 21. (690B.9321/12-1853)

me improbable any airstrip being worked on in that area with connivance of Chinese Government at this juncture.

Foreign Minister hopes latest instructions sent to Colonel I may serve as basis for concrete proposal to Burmese. However, he promised give me written statement tomorrow for this purpose at same time transmitting it to Colonel I and to Thai Government (second reference telegram). He plans include information intended dispel misunderstanding over numbers available for immediate evacuation from Monghsat.

Orders were sent to jungle generals at Monghsat few days ago to evacuate 500 men by December 21 as evidence of good faith. Reply stated this not possible unless Monghsat definitely abandoned which would end entire operation. Further radio from jungle generals today, however, offers give up Mongmao and Pang-Yang on or about (probably before) December 29 as evidence good faith.

Ministry Defense may have overestimated numbers actually in Monghsat area. Admittedly difficult ascertain precise facts at this distance. Foreign Minister still hopes some more may be evacuated shortly to reassure Burmese but hopes latter will go along with longer term plan over which he remains quite optimistic as regards prospective results before rainy season starts late next spring.

Current press reports of fighting between Burmese and Chinese indicate latter may be 2,000 to 3,000 men under Chien Po-ying who has defied orders from Taipei and is on his own.

RANKIN

No. 138

690B.9321/12-1853: Telegram

The Secretary of State to the Embassy in Burma[1]

SECRET PRIORITY WASHINGTON, December 18, 1953—7:05 p. m.

537.

Part I.

Concur interim action Rangoon's 588 Bangkok 132 Taipei 116[2] pending receipt requested Chinese proposals. Rangoon make every effort keep question open but without engaging US good faith. While we working crystallize Chinese offer produce many evacuees as possible, consonant UN resolution and US policy, our role limited good offices and not underwriting Chinese offer or jungle generals.

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[1] Also sent to Taipei and Bangkok.

[2] Dated Dec. 18; it recommended that the Embassy in Rangoon inform the Burmese Government that the Chinese Government had expressed optimism about evacuating a substantial number of additional troops, that the United States had not yet received a concrete proposal but that it hoped to receive more information in the near future. Sebald thought the Burmese Government would not resume the fighting for a reasonable period under these circumstances. (690B.9321/12-1853)

Hope GUB will continue cease-fire present basis but recognize public opinion may demand new basis. Event cease-fire not immediately renewed, Embassy urge GUB refrain any precipitous military action which could make further solution impossible. If Chinese proposals forthcoming and satisfactory, concur Embassy urge formal Burmese re-entry participation in four-power planning.

Part II.

Our 560 to Taipei, 534 Rangoon, 1231 Bangkok.[3] Department urges Chinese proposals be prompt and convincing. Request for general cease-fire (Taipei's 349)[4] appears out of question in view attitude GUB. Should ask only that GUB guarantee safety all evacuees through measures to be agreed on in committee by all concerned. Proposals should also include iron-clad commitment on weapons, to be turned over to Joint Committee for transport Formosa if necessary (Taipei's 354[5] and sections 4 and 7 Bangkok's 1233[6]).

Embassy Taipei continue press for token evacuation December interim as earnest good faith, also to push forward January 15 date if possible (Taipei's 354).

Part III.

Funds are available for start and Department will endeavor insure more forthcoming if needed. Embassy Taipei stress principle no money will be paid out, either for bonuses or "debts", excepting on basis value received. Results will be only criterion.

Method of paying bonuses should properly be proposed by Joint Committee.

DULLES

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[3] Telegram 560, Dec. 18, concurred in telegram 1240 from Bangkok (see footnote 3, *supra*) and the first recommendation of telegram 581 from Rangoon (Document 136). (690B.9321/12-1853)

[4] Document 135.

[5] Dated Dec. 17; it reported that Jones attended a conference with officials of the Foreign and Defense Ministries at which proposals from the generals in Burma were presented. They proposed to evacuate 2,000 men beginning Jan. 15, requested $250,000 to pay their debts and to reimburse individual soldiers for their personal property, and stated that they would turn their arms over to the Joint Committee for shipment to Formosa. (690B.9321/12-1753)

[6] The sections under reference in telegram 1233, Dec. 17, suggested that the evacuees' arms might be sealed by the Joint Committee and shipped either through Thailand or Burma to Taiwan. (690B.9321/12-1753)

No. 139

690B.9321/12-1953: Telegram

The Secretary of State to the Embassy in Burma[1]

SECRET WASHINGTON, December 23, 1953—4:21 p. m.

548. Taipei's 361.[2]

1. Believe Chinese *aide-mémoire* satisfactory starting point for seeking agreement further evacuation. Embassies Rangoon and Bangkok authorized orally convey proposals to Burmese and Thai Governments. If Burmese Government desires proposals in writing Rangoon may submit memorandum following suggestions Taipei's 85 rptd Department 369 Bangkok 90[3] and should send text to Bangkok, Taipei and Washington.

2. Believe committee of military representatives offers best means negotiating and implementing agreement. Participation Burmese Government appears essential to success.

3. Believe agreement on bonus payments, airlift to Thailand from northern points, evacuation KMT bases, and participation guerrilla leaders in work of committee can best be sought in first instance in military committee with diplomatic negotiations reserved for points on which committee unable agree. Department favors transshipment arms via Thailand and hopes Thai Government will reconsider attitude.

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[1] Also sent to Bangkok and Taipei.

[2] Telegram 361, Dec. 19, transmitted the text of an *aide-mémoire* received that day from the Chinese Foreign Office, which stated that: (1) The Chinese Government had persuaded the leaders of the guerrilla forces to evacuate more men from Burma, and it was expected that the number would far exceed 2,000; (2) beginning in mid-January, 150 men would be evacuated every other day, with the number increasing to 150 per day, to a total of 2,000 for the first month, and when two-thirds of that number had been evacuated, the Joint Committee would be notified of the number expected in the second month; (3) the guerrilla forces had requested $250,000 to settle their debts and compensate individuals for their horses, mules, and arms; (4) the guerrillas had offered to evacuate two of their main bases before Dec. 29; (5) the guerrillas had requested that they be permitted to bring their arms to Taiwan, and the Chinese Government thought this would greatly help to induce the evacuees to bring their arms out rather than to dispose of them to the local population; (6) the guerrilla leaders wished to send a representative to the Joint Military Committee to help work out an evacuation plan, and the Chinese Government considered this highly desirable; and (7) the Chinese Government hoped the Burmese Government would extend the ceasefire to allow sufficient time for the preparation and execution of the evacuation plan. (690B.9321/12-1953)

[3] This telegram, Dec. 23, stated that the Chinese Foreign Ministry agreed that the U.S. Embassy in Rangoon should transmit to the Burmese Government paragraphs 1, 2, and 4 of the *aide-mémoire*, in their original form, and the substance of paragraphs 6 and 7. (690B.9321/12-2353)

4. As suggested by Thai Government (Bangkok's 1243)[4] hope Burmese Government will recognize fairness sharing expenses hitherto borne by US, Thailand, China.

5. Information Bangkok and Taipei indicates useless insist any more KMT troops leave Burma December.

6. Department not inclined recommend contributions to payment debts within Burma and believes matter one for handling by Chinese Government which can make arrangements directly with jungle generals.

DULLES

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[4] Not printed.

No. 140

690B.9321/12-3053: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

SECRET PRIORITY WASHINGTON, January 2, 1954—1:12 p. m.

610. Your 383.[2] Department does not wish become involved in matter alleged debts but is willing furnish financial support Chinese Government along lines bonus originally envisaged in interest furthering evacuation. Inform Foreign Minister that providing GUB accepts proposals further evacuation Department agrees support Chinese Government within limits funds available such purpose to enable it meet requirements situation.

Stress however US can furnish funds only on basis value received. Chinese Government should assume arrangements debt settlement, through Chinese representatives Thailand if necessary, method to be approved by Joint Committee with Burmese concurrence. Bonus payments and/or individual property reimbursement should be made through Committee with payments to individuals in New Taiwan dollars.

On basis value received Department envisages $50 a head some 3000 evacuees, Chinese Government to work out breakdown between debts and individual bonuses and property reimbursement. Would seem advisable allot proportion for bonuses, example $20 a head at border or $10 a head plus $10 for weapon (latter only if

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[1] Repeated to Rangoon and Bangkok.

[2] Dated Dec. 30, 1953; the Embassy reported that the Foreign Minister had received a message from the generals in Burma that the evacuation would not begin until they received the equivalent of $250,000; the Chinese Government would handle the payments but was asking the U.S. Government to provide the money. (690B.9321/12-3053)

Committee agrees practicable). While leaving breakdown to Chinese Government point out Jungle Generals' demand both for liquidation debts and reimbursement personal property is in effect request double payment. Consider forces should apply approximate $85,000 value of animals to $106,000 debt in Burma as payment in kind. This would scale debt within approximate limits present estimate without prejudice individual animal owners who could be reimbursed as suggested your 367.[3] If personal arms shipped Formosa owners would eventually recover or be recompensed by Chinese Government; if not, could also be reimbursed. If US funds this basis insufficient Chinese Government may wish consider use some of considerable counterpart destined this purpose which may be available. Department has asked FOA check status counterpart fund.[4]

If principles acceptable Foreign Minister request he inform Jungle Generals without delay so preparations not lag. Request their representatives proceed Bangkok soonest work out procedures with Committee.

Re figure 5000 evacuees antepenultimate paragraph your 367, ask Foreign Minister seek clarify whether meaning is 5000 new evacuees or 3000 plus 2000 already evacuated.

DULLES

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[3] Dated Dec. 23, 1953; it transmitted a memorandum from the Foreign Ministry based on a message from the Mong Hsat leaders breaking down their request for financial assistance into component parts. (690B.9321/12–2353)

[4] On Jan. 19, the Embassy in Taipei was informed that counterpart funds could be used for transportation and resettlement but not for bonuses, debts, or property compensation. (Telegram 666; 690B.9321/1–1954)

No. 141

690B.9321/1-354: Telegram

The Chargé in Burma (Acly) to the Department of State[1]

SECRET PRIORITY RANGOON, January 3, 1954—5 p. m.

646. Embtel 622,[2] Deptel 562.[3] Permanent Secretary called me to Foreign Office this morning and told me orally that although GUB not willing rejoin committee for reasons given reftel would cooperate fully with committee in carrying out evacuation proposed by Chinese. Said general arrangement used in first phase could be continued and any details requiring Burmese agreement could be handled through diplomatic channels. Burmese observers would be available as before.

Permanent Secretary gave me map showing zones in which GUB willing continue cease-fire: (a) until midnight February 14 entire area east of Salween River, (b) from midnight February 14 until midnight February 28 same area as far north as junction Salween with Nam Hsim River, thence western boundary cease-fire area follows Nam Hsim to about 21 degrees 25 minutes north, thence about NNE to Nam Loi River and thence along Nam Loi to Chinese border. Sending original map Bangkok first pouch.

Re arms which had been discussed briefly during previous visit he said GUB unable agree shipment arms through Rangoon. Said, however, GUB willing allow committee use airfield Keng Tung for direct air shipment arms, committee keeping custody and sending personnel to field for that purpose. In reply to my question how arms could be flown from Keng Tung without crossing Thailand he indicated that not his problem.

I took advantage opportunity raise question increasing Burmese share evacuation expenses pointing out heavy burden on US and Thailand. He replied would refer matter to appropriate authorities and inform Embassy of reaction.

I also asked whether GUB willing include Chinese POW's and internees in evacuation. He replied that when Burmese POW's released he saw no difficulty sending Chinese POW's for inclusion in evacuation but would need consult colleagues. (I gave him substance Bangkok's 1286[4] of which he unaware.) He also appeared sympathetic to inclusion internees but will give definite answer later.

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[1] Repeated to Bangkok and Taipei and to New Delhi for Ambassador Sebald.

[2] In telegram 622, Dec. 26, 1953, the Embassy reported that Acly gave the Permanent Secretary of the Foreign Office, Tun Shein, a memorandum quoting paragraphs 1, 2, 4, and 6 and the substance of paragraph 7 of the Chinese *aide-mémoire* and urged that Burma rejoin the Joint Military Committee. Tun Shein said that previous experience led the Burmese Government to believe that the Chinese would use the Committee as a means of delaying evacuation and that the Burmese wished to avoid lending support to such tactics. (690B.9321/12-2653)

[3] Telegram 562, Dec. 28, 1953, instructed the Embassy to approach the Burmese Government and seek its agreement to share in the additional evacuation expenses. (690B.9321/12-2653)

Comment: GUB appears eager cooperate to extent possible without losing face but decision not rejoin committee appears firm. Airfield Keng Tung regularly used by C–47's but uncertain whether could take planes with longer range. Latest information available to air attaché June 52 showing runway 3900 by 150 feet gravel surface 30,000 pound load capacity. Shall send later information soonest.

ACLY

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[4] Telegram 1286, Dec. 24, 1953, reported that the Chinese had handed over 14 Burmese prisoners to the Burmese authorities at Tachilek. (690B.9321/12–2453)

No. 142

790B.5/1-1054: Telegram

The Ambassador in Burma (Sebald) to the Department of State

SECRET RANGOON, January 10, 1954—noon.

667. Mytel 655.[1] We believe termination BSM logically follows Burmese desire disentangle itself from arrangement considered derogatory its sovereignty, and that GUB action is indicative its growing confidence handle own affairs. (Burmese, however, desire employ foreign military "technicians" who would be under GUB policy direction.) On other hand, British Embassy has informed us negotiations for arms procurement agreement continue, but that abolition of BSM makes it unlikely Burmese "would obtain same priority as before."

I have not changed views set forth my telegrams 658, October 22, 1952 and 287 September 28, '53, and if anything believe more essential now that Burmese armed forces be strengthened as matter priority and that equipment for modest Burmese planned expansion of forces be furnished either by UK or US, or both. Failing early action, we incur increasing risk that Burmese might turn toward Communist bloc for supplies if sufficiently frustrated by procurement problems. Also unfortunate would be possibility that Burmese might turn to Yugoslavia and establish relationship which would tend strengthen Burma's Marxist bias. Third foreseeable result might be procurement of an arms assortment from variety of sources, which, coupled with War Office's intention obtain technicians from sources of supply, could be expected result in cross purposes among suppliers, and practically insurmountable linguistic, technical and mechanical difficulties. On positive side, it also follows, I believe, that Burmese forces with UK or US equipment would necessarily in foreseeable future be dependent upon free world for ammunition and parts, thus forestalling their turning toward other sources of supply. Finally, by meeting Burmese armament needs, as minimum on reimbursable basis, I believe Burmese pro-western orientation would be encouraged and strengthened. Conversely, deterioration of Burmese official friendliness toward US consequent upon delays already encountered should make it self-evident that something must be done if this trend is to be retarded or reversed.

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[1] Telegram 655, Jan. 6, reported that the functions of the British Services Mission were terminated as of Jan. 4. (790B.5/1–654) Some of the Mission's operations continued, however, under an interim agreement until Apr. 4, according to telegram 3050 from London, Jan. 18. (790B.5/1–1854)

Problem of Indian adverse reaction toward contemplated US arms aid to Pakistan would also appear relevant in connection with Burma's needs. I should think public knowledge that UK and US are filling Burma's arms requirements might well tend place US–Pakistan agreement in its proper perspective, at least among Indian leaders. It also appears not improbable that generous policy of arms supply to Burma at this time could well result in driving wedge, however slight, into neutral bloc presently under Nehru's influence and apparent leadership. We consider it probable that Burma, in its eagerness obtain arms, would to some extent be willing run risk of compromising its standing with neutral bloc members. (I do not mean suggest however that Burma would in consequence arms procurement from UK and US join western bloc or be willing stand up and be counted. But such supply would act as spur in right direction. In fact this would appear to be proper moment for an assessment of our attitude toward Asian neutrals. Upon expiry of British defense agreement, Burma may offer opportunity of creating an example of willing and straightforward cooperation between the United States as leading free nation, and Burma, whose government gives unquestioned promise of continuity and whose internal attitude toward communism is beyond question.

Based upon above considerations and in light expiration BSM, Department might wish renew its conversations with UK, in endeavor obtain more speedy action in meeting Burma's needs. Department is of course aware that 14 months have elapsed since General Ne Win had conversations in Washington on this subject.

I am unable place much faith in British attitude toward Burma's present situation and feel that British policy makers are deluding themselves (as they have done during past year regarding continuation BSM) by continuing effort maintain British influence through arms monopoly in Burma. Unless British policy is radically changed to effect speedy strengthening Burmese forces by supply conventional arms and equipment desired by GUB planned continuing basis, it appears inevitable that US must step into breach if Burmese leaders are to be dissuaded from casting about for help from other sources, and if premise that Burma should be strong is accepted.

Above considerations would appear dictate desirability for immediately renewed US sympathetic approach toward Burma in arms procurement problem. As ultimate course of action, if it were feasible in light US budgetary and existing world-wide commitments, would be special legislation under which US could offer an outright gift of selected arms and equipment (selected from lists attached Embassy despatch 66, August 28, 1953[2]), to Burma in amount $10 million without requiring any political commitments. (This would be similar to precedent already established by gift ten Coast Guard cutters under then existing legislation.) Alternatively, it might be possible without new legislation, offer Burma selected items at extremely liberal prices, perhaps on extended payment terms. Latter course would preserve Burma's amour propre and negate Communist charge of direct interference in Burmese affairs, but would largely accomplish desired objectives.

In summary, I strongly recommend and urge Department formulate policy decision for early implementation in the premises.[3] I hope however, that this recommendation will not delay limited procurement plans already nearing completion; service attachés concur.

Department may wish pass Defense, London and New Delhi for info.[4]

SEBALD

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[2] Not printed.

[3] The Department replied on Jan. 21: "Your constructive suggestions for renewed US approach toward Burma under study. Overall policy considerations likely preclude effort seek special legislation for outright gift." (Telegram 647; 790B.5/1-1054)

[4] A copy was pouched to London.

No. 143

690B.9321/1-854: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

SECRET WASHINGTON, January 12, 1954—9:09 p. m.

647. Rangoon's 665 rptd Taipei 128, Bangkok 148.[2] Assume Embassies Taipei and Bangkok conveyed text Burmese memorandum quoted reftel to Chinese and Thai Governments. Consider memorandum satisfactory basis for Joint Committee proceeding with measures for further evacuation.

Believe Committee should consider all outstanding questions and action at diplomatic level should be required only on matters where Committee unable reach agreement or act without decision governments concerned.

Hope Chinese and Thai Governments concur this concept Committee's role and authorize Embassies their discretion discuss matter with Chinese and Thai Governments assure representatives on Committee appropriately instructed.

DULLES

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[1] Also sent to Bangkok; repeated to Rangoon.

[2] Dated Jan. 8; it transmitted the text of a memorandum received that day from the Burmese Foreign Office confirming Acly's Jan. 3 conversation with Tun Shein. (690B.9321/1-854)

No. 144

690B.9321/1-2854: Telegram

The Ambassador in Thailand (Donovan) to the Department of State[1]

SECRET PRIORITY BANGKOK, January 28, 1954—5 p. m.

1554. Part I.

Wang, 28 January, told committee that during first phase about 1,000 men "ran away" to South Burma, linked up with Karens. These desertions due fact personnel are veterans Chinese Expeditionary Forces, World War II (Yunnanese and Overseas Chinese) who desire return provinces, not go far away Taiwan.

Immediate purpose these people avoid Burmese attacks secondary purpose return home province when feasible. Mong Hsat fears many similar desertions from North Burma guerrillas during second phase unless South Burma group evacuated first. Recent informal contact South group and Mong Hsat show former now desire evacuate. Estimated strength 1,500 troop and dependents Wang proposes go Mae Sod (16°41′ north–98°33′ east) 30 January contact South group, make firm agreement evacuate. Wang states this evacuation will facilitate evacuation North groups.

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[1] Repeated to Taipei and Rangoon.

Part II.

Wang asked committee arrange transport his group of four Mae Sod and return; requested money to begin evacuation. Committee requested Thailand arrange air transportation, now preparing plane evacuation via Mae Sod.

Part III.

Committee requests and Embassy concurs this matter not be discussed with Burmese pending Wang return and firm plans made.

Part IV.

Comment: If successful, this evacuation South Burma should help relieve Burma complaints Karen-KMT collaboration.

DONOVAN

No. 145

690B.9321/2-354: Telegram

The Acting Secretary of State to the Embassy in Thailand[1]

SECRET PRIORITY WASHINGTON, February 4, 1954—4:27 p. m.

1557. Your 1597.[2] Mae Sod plan approved in principle with understanding (a) not interfere urgent Mong Hsat evacuation and (b) implementation depends Thai and Burmese concurrence and solution practical difficulties.

(Chief among latter appear: GUB could not properly guarantee cease-fire or safe transport arms in uncontrolled area where moreover needs free hand against KNDO; need install new Thai facilities Mae Sod whereas Tachilek can presumably be readied short order, also question duplicate air facilities Chiengrai and Lampang; insecurity control teams which would also presumably divert needed personnel from Tachilek. Your comment invited.)

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[1] Repeated to Taipei and Rangoon.

[2] Telegram 1597, Feb. 3, reported that the U.S. and Chinese representatives on the Joint Committee approved a tentative plan for evacuation of the troops in south Burma via Mae Sot; the Thai representative was consulting his government on the subject. (690B.9321/2-354)

Inform Colonel I that while sensible to considerations your 1554[3] Part I success of any further plan depends on Mong Hsat moving soonest, see our 1522[4] and 1542 Part I sections 1 and 2(b).[5]

Outline plan to Burmese liaison soonest requesting views. Stress advantage Part IV your 1554 but make clear precedence northern operation. Take occasion point out disadvantage non participation Burmese in Committee.

Your 1600 first paragraph:[6]

(1) Bonus covered our 701 Taipei 1551 Bangkok.[7] Solution debt problem awaits action our 698 to Taipei and last paragraph our 1542 to Bangkok.[8]

(2) Urge Colonel I that some troops should start moving even if all not assembled. Without this no prospect further negotiations with GUB on extension cease fire. Rangoon's 759 Bangkok 163[9] points out if hostilities resumed further negotiations extremely difficult.

(3) Airlift Chiengrai authorized. Report status preparations.

Smith

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[3] *Supra.*

[4] Telegram 1522, Jan. 29, instructed the Embassy to make it plain to Colonel I that the United States was not ready to support any request to extend the ceasefire either as to time or area unless substantial evacuation was underway before Feb. 14. (690B.9321/1-2954)

[5] The sections under reference in telegram 1542, Feb. 2, instructed the Embassy to reiterate that the Mae Sot evacuation must not interfere with the Mong Hsat evacuation, that the latter should begin as soon as possible, and that a request for an extension of the ceasefire could only be supported if movement was underway. (690B.9321/2-254)

[6] The paragraph under reference in telegram 1600, Feb. 4, stated that the delayed resumption of the evacuation was due to the lack of funds for the payment of debts and bonuses, the difficulty of assembling troops in Mong Hsat for evacuation, and the lack of authorization for an airlift from Chiengrai. (690B.9321/2-454)

[7] Telegram 701 to Taipei, Feb. 3, authorized the expenditure of $45,000 to finance the bonuses for the evacuees. (690B.9321/2-154)

[8] The paragraph under reference in telegram 1542, cited in footnote 5 above, stated that the United States agreed to finance the debt payments on the basis of value received and expected the Chinese Government to make the necessary advance payments. Telegram 698 to Taipei, Feb. 2, instructed the Embassy to press the Chinese Government to instruct Colonel I accordingly. (690B.9321/2-154)

[9] Telegram 759, Feb. 2, reported increasing Burmese impatience at the delay in beginning the second phase of the evacuation. (690B.9321/2-254)

No. 146

690B.9321/2-2054: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State

SECRET PRIORITY TAIPEI, February 20, 1954—5 p. m.

471. 1. Re Department 722 Taipei, 1640 Bangkok, 728 Rangoon.[1] Delivered memo and discussed unsatisfactory surrender of guerrilla weapons with responsible Chinese Foreign Ministry official February 20. He stated Chinese Government has done everything in its power to assure maximum turnover of weapons to Joint Committee and has issued numerous orders to this end. Implementation of order, however, rests with local guerrilla leaders who are not under firm control of government in far-away Formosa. Foreign Ministry official promised prevail upon Ministry of Defense to issue yet another order to guerrilla leaders to surrender all arms. Foreign Ministry will also seek further cooperation by Colonel I Fu-de, who is still said to be expecting proceed Taipei to Bangkok shortly.

2. Re Department's 728 Taipei, 736 Rangoon, 1647 Bangkok.[2]

Contents communicated orally to Foreign Ministry simultaneously with item 1 above. Official stated will do best to increase evacuee rate to 150 daily and complete Mong Hsat evacuation by mid-March. Request for cease-fire extension requires conferring with higher Foreign Ministry officials and Ministry of Defense, which he hopes to have completed by Monday February 22. Reply presumably requesting extension to end of March promised that day. Embassy will forward reply soon as received.

RANKIN

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[1] Telegram 722, Feb. 18, instructed the Embassy in Taipei to impress the Chinese Government with the need for the evacuees to turn in more of their arms. (690B.9321/2-1754)

[2] Dated Feb. 19; it instructed the Embassy in Taipei to remind the Chinese Government that its proposal for the second phase of evacuation called for increasing the flow of evacuees to 150 daily and to urge that the Mong Hsat evacuation be completed by mid-March. (690B.9321/2-1954)

No. 147

690B.9321/2-2654: Telegram

The Secretary of State to the Embassy in Burma[1]

SECRET PRIORITY WASHINGTON, February 26, 1954—4:39 p. m.

755. Extension Shan cease-fire and question south evacuation apparently in GUB hands through Ambassador Pe Khin with no direct action now required of Embassy Rangoon (Bangkok's 1747[2] and 1751 Part II,[3] Rangoon 297 and 300). Latter should however keep closely informed GUB intentions and insure our position understood if necessary:

1. US still desirous maximum evacuation; cannot underwrite Chinese intentions but recognize patience required if success to be achieved.
2. Situation among northern evacuees confused and clear commitment unlikely but number evacuated probably depends on length of cease-fire plus continued efforts of Committee working on guerrilla leaders.
3. South operation desirable soonest and should be expedited (Bangkok's 1747 and 1750[3] Rangoon 297 and 299). Re cease-fire recognize GUB needs free hand with KNDO and can only be expected give reasonable assurances not attack evacuee concentrations before or during operation. Hope Committee soon able generally delimit concentration area.
4. We continuing every effort obtain greater ratio arms but note difficulty determine number arms available and that Burmese liaison estimates 50 percent armed (Bangkok's 1723, Rangoon 287).[3]

Action with GUB left your discretion but make every effort keep operation going without engaging US good faith re Chinese performance. If asked re suggestion Bangkok's 1747 GUB pay Mae Sod-Lampang airlift, we would welcome favorable response this Thai suggestion. You may wish point to considerable outlays by Thailand and US comparison GUB.

DULLES

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[1] Repeated to Bangkok and Taipei.

[2] Telegram 1747, Feb. 25, reported that Pe Khin, who was flying to Rangoon that day, said he would discuss the Joint Committee's request for an extension of the ceasefire in the Shan state and the Committee's inquiry about a ceasefire in the Myawadi area in south Burma. (690B.9321/2-2554)

[3] Not printed.

No. 148

690B.9321/3-154: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET PRIORITY RANGOON, March 1, 1954—3 p. m.

835. Deptels 755[2] and 760.[3]

Part I. Called on Permanent Secretary Foreign Office who handling KMT problem. Pursuant to committee's request received February 24 through Pe Khin GUB has worked out extension cease-fire in certain areas as follows:

a. Until March 15, cease-fire in area ten mile radius each Mong Hsat, Mong Kwan, Mong Yawng, Mong Yang and Pangyang.
b. Until March 15, three miles on each side road Mong Hsat-Mong Tum-Mong Kwan-Tachilek.
Comment: Cease-fire points have been selected on theory that KMTs could concentrate at any one or more of points mentioned. Permanent Secretary said when troops desire proceed Mong Hsat, committee should be notified and usual arrangements for safe conduct made through Burmese liaison.
c. March 16 until March 31: Mong Kwan (ten mile radius) and three miles each side road to Tachilek.

Comment: Permanent Secretary said above cease-fire plan represents considered view GUB and after March 31 question of further extension will not be considered. He expressed belief above plan would be sufficient facilitate evacuation those who agree evacuate.

Part II. Permanent Secretary fully informed by Pe Khin re desire KMTs in Tenasserim evacuate. Stated no objection on part GUB if KMTs desire leave from Myawadi or Palu, but latest information from Bangkok indicates KMTs themselves have chosen Palu in view confused situation Myawadi.

He stated Myawadi would soon be attacked by Burma Army but should KMTs serve notice their desire evacuate from Palu, latter place would not be attacked. Suggests however evacuation be undertaken without delay in view Burma Army operations against KNDO's Tenasserim area.

Part III. Permanent Secretary unresponsive suggestion GUB pay Mae Sod-Lampang airlift but agreed consider. Reiterated Burmese commitment pay all expenses within Burma.

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[1] Repeated to Bangkok and Taipei.

[2] *Supra.*

[3] Telegram 760, Feb. 27, instructed the Embassy in Rangoon to stress to the Burmese Foreign Office the importance of the Burmese agreement to the continuation of the evacuation. (690B.9321/2-2754)

Part IV. Pe Khin leaving for Bangkok March 2 with complete instructions concerning cease-fire parts 1 and 2 which already telegraphed Burmese Embassy Bangkok.

SEBALD

No. 149

690B.9321/3-254: Telegram

The Acting Secretary of State to the Embassy in Burma[1]

SECRET
PRIORITY

WASHINGTON, March 3, 1954—5:42 p. m.

766. Rangoon's 837 Taipei 150.[2] Department hopes offensive limited and probably to gain face in Burma but is concerned possible effect on guerrillas' resolve continue moving. Military action this critical juncture, while within Burma's rights, may in effect upset tenuous balance in favor evacuation among Mong Hsat leaders (Bangkok's 1774 and Rangoon 307 Taipei 271)[3] and stall all progress perhaps indefinitely. GUB may have to choose between gaining merit its public and throwing away chance for peaceful evacuation several thousand more Chinese at no cost Burmese lives. Burma's position in UN may also suffer. Unless serious objection perceived Embassy Rangoon requested express our concern above lines at highest level Foreign Ministry soonest also reiterating views our 755[4] and 760[5] to Rangoon (740 and 746 Taipei). Our concern legitimate in view US and Thai good offices at GUB request. Attempt associate Thai Ambassador in approach.

If there is indication offensive having adverse effect on evacuation Rangoon should also seek immediate GUB assurances, public if possible, to Committee and Chinese Government that cease-fire will be honored in spirit well as letter. Taipei meanwhile assure Chinese Government we doing all we can to protect interests evacuees.

SMITH

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[1] Also sent to Taipei and repeated to Bangkok.

[2] Telegram 837 from Rangoon, Mar. 2, reported that a Burmese offensive against the Chinese Nationalist troops was reported in the press that day. The War Office had informed the U.S. Army attaché that the operation was only a small-scale probing and holding action and that Burma intended to honor its ceasefire commitment. (690B.9321/3-254)

[3] Telegram 1774 from Bangkok, Mar. 2, reported on the progress of the evacuation; it stated that a committee of six or seven leaders in Mong Hsat was trying to persuade three or four hold-out leaders to evacuate. (690B.9321/3-254)

[4] Document 147.

[5] See footnote 3, *supra*.

No. 150

611.90B/3-554

The Ambassador in Burma (Sebald) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright)

TOP SECRET OFFICIAL–INFORMAL RANGOON, March 5, 1954.

DEAR DRUM: Reference is made to NSC 5405, "United States Objectives and Course of Action with Respect to Southeast Asia", dated January 16, 1954,[1] copy no. 74 of which was forwarded with instruction no. 7, February 2, 1954.

While fully appreciating the thought and time which must have been spent by the several Agencies of the United States Government in the formulation of this rather formidable document, I feel that it might be helpful to you to have my views on the Burma section. These views are enclosed[2] in the form of comments on each paragraph of the Burma section.

First of all, I would like to say that I have the impression that the Burma section has largely resulted from an attempt to reconcile conflicting premises. In consequence, portions of the policy appear to me to be entirely unrealistic. Implementation of some of these sections (specifically, paragraphs 40 and 41), could, I believe, result in irreparable damage to the United States in this part of Asia.

I sense in the offending paragraphs a basic philosophy and belief that only the minority ethnic groups in the Union of Burma are worthy of United States trust and support. And, unless my reading of these paragraphs is entirely wrong, I conclude that United States Government policy envisages working through minority groups (Karens, Kachins, and possibly Shans and others) with the objective of influencing the center. Such a policy certainly puts the cart before the horse and its implementation would not only be fruitless, but dangerous. In support of my contention I will say, as I and my staff have said many times before, that the Government of the Union of Burma (GUB) is a going concern, is anti-communist, and above all else has wide popular support. Our policy toward the GUB, therefore, should be one of sympathetic understanding and designed to strengthen rather that weaken the central government, and should have as its ultimate objective swinging the GUB around to aligning itself with the West. Any action on our part which could result in weakening this ultimate objective is not only self-defeating, but is shortsighted and, in my opinion, not in the best interests of the United States and the Free World.

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[1] For text, see Part 1, p. 366.

[2] Not printed.

The Burma policy having been approved by the President as part of the entire document, it of course represents our present policy. I am also aware of the practical difficulties of proposing changes at this time. I do hope, however, that, as a minimum, consideration can be given in the Department to a revised Burma policy for presentation to the NSC at an appropriate time. I think the time has come when we should stop thinking in terms of what happened in Burma in World War II and, whether we like them or not, squarely face realities.

Sincerely yours,

W. J. SEBALD

No. 151

690B.9321/3-954: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET PRIORITY RANGOON, March 9, 1954—11 a. m.

864. Mytel 863.[2] Carefully and forcefully reviewed Department's concern (Deptel 766, Bangkok 1717, Taipei 750)[3] and US position re evacuation (Deptel 755, Bangkok 1690, Taipei 740)[4] with Acting Foreign Minister[5] last night. Especially emphasized difficult position in which US as good offices power being placed by military action, stressed probability military operation being counter-productive. He took careful notes my remarks, stated would study matter. He expressed personal view military operation being grossly exaggerated by press. Said GUB anxious reach settlement KMT problem, free military forces for action against insurgents. He was positive military forces will continue respect cease-fire commitment.

Comment: Kyaw Nyein recognized that BAF bombing could easily result Chinese taking advantage situation to justify refusal evacuation. I believe however that GUB has given up hope of full-scale evacuation through voluntary action of China and considers military pressure only means attaining final solution problem. I am therefore not sanguine that GUB will agree area cease-fire (Bangkok's 1787 paragraph 1)[6] or formally change present concept (mytel 835)[7] cease-fire points. Kyaw Nyein made reference short time remaining before rains and necessity Burma army keeping to schedule, resolving KMT problem first then getting on with liquidation insurgency. From this I infer firm decision has been made attempt settle KMT problem militarily before monsoon breaks and that further pressure for radical change in plan would bring no results.

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[1] Repeated to Bangkok and Taipei.

[2] Dated Mar. 8; Sebald reported that he had been unable to associate the Thai Chargé with his approach to the Burmese Foreign Office because the Chargé had no instructions on the subject. (690B.9321/3-854)

[3] Document 149.

[4] Document 147.

[5] U Kyaw Nyein.

SEBALD

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[6] Telegram 1787, Mar. 3, reported in the first paragraph that the Embassy in Bangkok sent a note to the Burmese Embassy transmitting a Joint Committee estimate that 1,000 more troops would evacuate via Mong Hsat and, a recommendation by the Committee that use of the Feb. 14-28 ceasefire area should be continued. (690B.9321/3-354)

[7] Document 148.

No. 152

690B.9321/3-1154: Telegram

The Acting Secretary of State to the Embassy in Burma[1]

SECRET
PRIORITY

WASHINGTON, March 11, 1954—6:31 p. m.

796. Burmese military action, and irresponsibility re commitment arms-lift Kengtung, compel examination our position re good offices. Continued harassment outside immediate cease-fire zones, while technically within Burma's rights, may render Committee offices useless even before March 31 on which date GUB evidently resolved take matters own hands and rely on military action throughout area. If Burmese actually occupied Mong Hai in safety corridor as reported Bangkok's 1856 (Rangoon 328)[2] this points up GUB failure fulfill responsibilities of leadership and restrain its military. Question arises whether Committee not morally obliged warn Chinese its guarantee of safe passage no longer holds. If maximum evacuation impeded thereby Burma must bear responsibility.

To date some 4000 troops and 600 dependents plus second phase armament at rate one weapon per 2.7 male soldiers evacuated through good offices Committee, a substantial achievement. Wang has moreover assured Committee 150 daily to March 20 inclusive (1350 troops) and possibly more by March 31 (Bangkok's 1856 Part

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[1] Repeated to Bangkok and Taipei.

[2] Not printed.

II).[3] Total over 5000 troops both phases would thus be evacuated through voluntary action of China (your 864 second paragraph).[4] Chinese now approaching Tachilek from outlying areas can hardly be expected be up-to-date on successively restricted cease-fire zones: wherever attacked will assume cease-fire no longer in effect. Recognizing GUB unwilling restore February 28 cease-fire, consider GUB should at minimum continue present zones, especially Mong Hsat-Tachilek, to March 31 rather than restrict to Mong Kwan March 15.

See Acting Foreign Minister soonest, setting forth above considerations as pertinent and emphatically making known our views:

1. Firmly protest GUB failure honor commitment arms-lift Kengtung (Bangkok's 1857, 1850 and 1844 to Department)[5] verbally requesting rectification soonest and filing written protest as outlined your 877[6] if deemed advisable. Aside from commitment as such, arms arrangement clearly in Burmese interest through stimulating sizeable turn-in thus reducing guerrillas' armed potential.
2. Request confirmation occupation Mong Hai in safety corridor and if true strongly protest violation, pointing out further violations may be expected unless GUB able restrain military impatience.
3. Request GUB continue present cease-fire areas to March 31. If this not done situation may get out of hand.
4. Re Bangkok's 1851 (Rangoon 326)[7] urge GUB make clear intentions re southern cease-fire soonest. Cease-fire in south should not be limited to March 31. If GUB does not soon grant reasonable cease-fire it may force 1500 guerrillas seek arrangement with KNDO.
5. Your 868.[8] Point out Chinese Government already indicated unwilling accept Chinese residents and urge GUB deliver refugees and prisoners on basis our 774.[9]

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[3] Not printed.

[4] *Supra*.

[5] None printed. Telegram 1850, Mar. 10, reported that Burma withdrew permission it had previously given the Joint Military Committee to land a plane at Keng Tung to transport the arms surrendered by the evacuees to Taiwan. (690B.9321/3-1054)

[6] Dated Mar. 11; it suggested that the Embassy in Rangoon file a written protest with the Burmese Foreign Office on the basis of assurances previously given the Embassy on the subject. (690B.9321/3-1154)

[7] This telegram, Mar. 10, reported that the Thai Government intended to participate in the Mae Sot evacuation as soon as the Burmese Government declared a ceasefire in the Myawadi area and the Tachilek evacuation was completed. (690B.9321/3-1054)

[8] Telegram 868 from Rangoon, Mar. 9, reported that Tun Shein asked the Embassy's help in ascertaining whether the Chinese Government would accept 50 or 60 Chinese residents imprisoned for collaborating with the Chinese troops along with the Chinese prisoners and refugees who were to be repatriated to Taiwan. (690B.9321/3-954)

[9] Dated Mar. 5; it stated that the Department considered the question of the interned Chinese residents of Burma to be a question between the Burmese and Chi-

Continued

6. Point out while Chinese started late they no longer stalling but show convincing evidence of attempting evacuate peacefully. If GUB unwilling cooperate with Committee it should at least not place further obstacles to evacuation as many as possible through Tachilek before GUB takes over entire northern problem March 31.

SMITH

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nese Governments which should not become an issue impeding the repatriation of the prisoners and refugees. (690B.9321/3-454)

No. 153

690B.9321/3-1454: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET PRIORITY RANGOON, March 14, 1954—6 p. m.

890. Mytel 887.[2] Acting Foreign Minister Kyaw Nyein called me in this afternoon to give reply my representation of last night based on Deptel 796.[3] He allowed me make copy of notes prepared for oral reply, substance of which follows:

Begin text. GUB do not doubt that US Government desire bring about maximum evacuation of foreign troops and that they been doing everything possible in implementing UN resolution and bringing about actual evacuation. Gratifying to note also that up till 11th March total number troops evacuated have exceeded 4500 including over 3600 combatants. Will therefore be ungrateful of Burmese if they forget that USA has rendered great help in matter. On other hand it sincerely hoped US Government would also appreciate difficulties facing Burmese people in affected areas since last four to five years and if through sense of obligation its people GUB and Burmese army have exceed in their sense of anxiety or cautiousness, it believed US Government would not consider such excessive caution unreasonable.

1. It regretted that deferment of transport of surrendered arms by plane to and from Kengtung taken as failure of GUB honor commitment for restoration of arms surrendered. GUB would be willing restore arms surrendered provided airlift will not in any way affect military operations in the area. In view operations now being conducted it felt that flight of foreign aircraft over area at this juncture is objectionable from military point of view. GUB would therefore repeat its proposal that

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[1] Repeated to Bangkok and Taipei.

[2] In telegram 887, Mar. 14, Sebald reported that he talked to Kyaw Nyein the evening before as instructed. (690B.9321/3-1454)

[3] *Supra.*

airlift of arms from Kengtung be deferred till 31st March or as alternative airlift be conducted from Rangoon airport to which place GUB will undertake to despatch the arms from surrendered areas at earliest possible date.

2. Allegation of KMT forces that Burmese troops have occupied Mong Hai is totally untrue.

3. GUB have given ample time and opportunity for KMT troops evacuate. Negotiations have been protracted and tedious. KMT forces have been living on the land and committing atrocities for past four years. Despite promise after promise evacuate nothing done until approach 8th UNGA. Even that limited evacuation farcical in that no arms were surrendered. When GUB threatened military action we were asked hold our hands off not disturb flow of evacuation and chances for peaceful settlement. On other hand there has been lack of guarantee from other side that all troops would peacefully evacuate or would cease committing atrocities in areas affected. Yet concession after concession has been afforded these people. Meanwhile public opinion in Burma has become more violent and army poised for action had to be held back for long time. It has been repeatedly told us that some at least of KMT generals and followers would not leave. This being case, GUB has found it impossible accede to request of US to change present plan of cease-fire.

4. This paragraph, on question of evacuation from southern area, was so loosely worded as to be practically meaningless. Accordingly Kyaw Nyein said would again consult with his colleagues and give definite reply next day or so.

5. In regard evacuation of POWs and refugees it may be pointed out that it was Chinese Representative who insisted on release and deportation of suspected Chinese collaborators as condition precedent their general evacuation. Now they have changed stand with view to leave their fifth column in our country. However in appreciation good offices rendered by US, GUB would agree in principle though with reluctance to deliver Chinese POWs and refugees without including suspects and orderly arrangements to this effect will be made in consultation with joint committee. *End text.*

Comment:

1. If alternative use Rangoon airport acceptable, Kyaw Nyein said immediate arrangements would be made. Lower levels war office estimated about five days required transport arms Kengtung to Rangoon. No objection shipped by sea provided no Chinese Nationalist flag ship employed.

2. Kyaw Nyein stated GUB cannot understand why KMT forces have made this false allegation.

3. Burmese position apparently predicated on absence guarantee that any "bases" will be handed over peacefully. Kyaw Nyein said in consequence each point has to be taken by military action. Indicated military time schedule does not allow Mong Hsat be included in requested cease-fire extension, particularly because airfield located here. Discussed this paragraph at length, pointed out reason-

ableness joint committee and US request. Expressed disappointment GUB failure cooperate and stated GUB decision might have serious consequences on continuation and success evacuation. Kyaw Nyein replied Chinese have been given every opportunity evacuate but each concession by GUB followed by demand further concessions. I gained distinct impression GUB decision final and will not be changed.

4. Kyaw Nyein definitely stated no Burmese armed forces in Myawadi-Palu area and hence question of cease-fire or guarantee for safe passage does not arise. Indicated no difficulty anticipated should evacuation proceed now. Should Burmese forces subsequently be posted that area suitable arrangements with joint committee could be made.

5. Further discussion this paragraph indicated arrangements should be made between Pe Khin and joint committee.

I again pointed out weak position in which GUB will find itself when matter raised in UNGA where Burma's lack of further cooperation will inevitably be pointed up. Kyaw Nyein said he understood this "but we shall raise our counter-arguments and give our side of story."

Sebald

No. 154

Eisenhower Library, Eisenhower papers, Whitman file

Prime Minister Nu to President Eisenhower[1]

Rangoon, 15th March 1954.

My Dear Mr. President: The American Ambassador has recently seen the Foreign Minister[2] and has given him a résumé of the reaction in the USA to the situation that has developed in connection with the Kuomintang troops in Burma. On our part we would like to keep you informed of the real situation in order that you will have a correct perspective.

It has distressed us to learn that one reaction in America in regard to the offensive the Burmese Army has taken against these troops, is that the Burmese position among the United Nations might be impaired. Such talk began, as we expected, in Formosa and we do not pay much attention to what emanates there. But when the Premier of a country adjacent to Burma, and friendly to Formosa echoes these sentiments we begin to wonder if it is the beginning of a campaign of malice inspired by interested parties. In the USA such interested parties may have resorted to tactics which would give the impression that Burmese behaviour in regard to these troops has become unreasonable but we do hope that the US Government does not share these views.

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[1] This letter was handed to Assistant Secretary Robertson by Ambassador Barrington. A copy is filed with a memorandum from Secretary Dulles to the President. (690B.9321/4–554)

[2] See Document 151.

It will be realised that the Burmese have given ample time and opportunity for these troops to evacuate. Negotiations have been protracted and tedious. They have been living on the land and committing atrocities for the past four years. Despite promise after promise of evacuation they did nothing until the approach of the seventh Assembly of the United Nations. And even that limited evacuation was farcical in that no arms were surrendered. When the Burmese threatened military action they were told to hold their hand not to disturb the flow of evacuation and the chances of a peaceful settlement. Concession after concession has been afforded to these people. They have been even allowed to take away their arms, but on their part they have not kept to their promises. With a show of evacuation they have consolidated their position in Burma joining openly with subversive elements and taking every possible step to make their stay permanent.

Even if they have thoughts of going they apparently desire to do so at their convenience. In the meantime public opinion in Burma has become more violent and an army that was poised for action had to be held back for a long time. After all, the Chinese troops have been here for four years and the Burmese could not but feel that they would have to dislodge them by force of arms since a negotiated evacuation has proved ineffective. And so after mature deliberation we acceded for the last time for a cease fire to remain effective till March the 15th, 1954, in respect of certain areas and March the 31st in respect of one area which would be the gateway out of Burma, if these troops really mean to go.

We are alive to the danger that this offensive might be taken as an excuse by the authorities at Formosa to break off the evacuation proceedings but in launching the offensive we had to risk such an outcome. In any event we have been repeatedly told and we have no illusions that some at least of the Generals and their followers would not leave. This being the case, at some stage there would have to be a resort to arms and this is being done while it is still possible before the rains set in.

The action of the Burmese army, for the present is a limited one meant solely to persuade these unwanted people into the safety zones where it is hoped that they will see reason and leave this country. The offensive has been instrumental in keeping up a steady flow of evacuation for the past few days even if the ratio of arms taken out is so ridiculously small. In leaving Burma and in abandoning a senseless adventure they do so with bad grace and as a final and unfriendly act they dispose of their arms to the Karen rebels, and this is an added reason why the Burmese feel that their departure must be hastened. I might add that even this phase of negotiated evacuation is about to end solely for the reason that the number meant to be evacuated has been reached, and there is no likelihood that those still left would leave of their own accord, and hence our resort to military action.

These remarks, I hope, will give you a clear picture of the position prevailing. We find it difficult to understand how an action in defence of our security and one meant to afford relief to our nationals can justify an unfavorable reaction against us, unless of course it is maliciously inspired and deliberately fostered. The whole world knows of the patience and tolerance that the Burmese have displayed and we do hope that at least the Government of the USA will understand our action, and that they will continue to give us their sympathy and help.

We do not doubt for a moment that the Government of the USA desires to bring about a maximum evacuation of these troops even if there are influential sections of the American public who in their abhorrence of communism can forgive anything that proclaims to be anti-communist. We can appreciate that there would be many who would look upon the people of Formosa as a likely spearhead for a return to the mainland of China, and if in that belief, aid and succour is given to them, we have no right to protest. But we deplore the fact that the authorities at Formosa are permitted to commit aggression in this country under the guise, so blatantly false, that they are crusaders against the menace of communism in the East.

Our request is that the USA would continue to exert the utmost pressure on Formosa. It is lamentable that even up to now no person in authority in Formosa has thought it fit to recall them publicly and to make them understand that they are pursuing a course which has brought not only discredit to Formosa but which has also embarrassed her friends.

It will be ungrateful of the Burmese if they forget that the USA has rendered great help in the matter and if further assurance of our gratitude is necessary I take the opportunity of expressing it once again on behalf of the people of Burma.

I remain,

Yours sincerely,

MAUNG NU

No. 155

690B.9321/3-1654: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

CONFIDENTIAL RANGOON, March 16, 1954—6 p. m.
PRIORITY

906. Mytel 890.[2] Permanent Secretary Foreign Office gave me reply today re southern evacuation. Following is substance text informal memo.

Begin text. GUB have as yet no troops operating in Myawaddi-Palu area and if KMT troops desire in meantime to assemble and evacuate from Palu GUB undertake not to attack Palu and area one mile north, two miles west and four miles south of Palu either from the air or from ground until April 10 provided KMT troops also respect the cease-fire. This undertaking however is without prejudice to operations which may be launched by Burmese Government in other places east of Dawna range. GUB desire also to mention that according PVO information received by them KMT troops have fallen out with KNDOs and as such cease-fire undertaking is given only on behalf of Burmese Armed Forces and no responsibility should be placed on them for acts perpetrated by KNDOs and other insurgent elements. GUB hope that evacuation of KMT troops from Palu will be accomplished speedily and peacefully. *End text.*

Permanent Secretary said above undertaking effective immediately although he understood from Bangkok main Tachilek operation will be completed approximately March 18 and control personnel would probably require several days shift south.

SEBALD

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[1] Repeated to Bangkok and Taipei.
[2] Document 153.

No. 156

690B.9321/3-1554: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

SECRET WASHINGTON, March 17, 1954—6:13 p. m.
PRIORITY

775. Part I.

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[1] Also sent to Rangoon; repeated to Bangkok.

Bangkok's 1867 and 1900 to Department[2] indicate north evacuation winding up March 18 with possible stragglers till March 31. We attempting insure latter provided for (our 1813 to Bangkok)[3] but consider March 31 cut off date Tachilek. Embassy Taipei suggest to Foreign Office it may wish communicate directly with jungle generals soonest that there no longer reception facilities in north after that date. Same time take occasion ascertain Chinese Government's intentions re disavowal and undertaking not supply those remaining. Last public statements this effect were Joint Committee press release October 29[4] (Bangkok's 843 to Department)[5] and reiteration same by Tsiang in UN October 31.[6] Suggest Chinese Government may wish renew assurances publicly, also make clear directly to leaders remaining Chinese Government can no longer assume responsibility their behalf.

Part II.

Believe desirable notify foreign forces not only of time evacuation facilities withdrawn but of termination cease-fire and guarantees immunity from detention implicit in evacuation plan. Embassy Rangoon authorized inquire of GUB whether it desires Committee convey any information to foreign forces re what disposition it proposes make of Chinese irregulars who surrender after cease-fire ends. UN resolution December 8 urged continuation efforts for internment as well as evacuation and governments concerned appear obligated give some attention this aspect their responsibilities before operation entirely closed out.

Part III.

Re last sentence Taipei 515.[7] US and Chinese Governments share expenses airlift military prisoners same basis as regular evacuees. Assume Chinese Government understands this.

DULLES

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[2] Neither printed.

[3] Telegram 1813, Mar. 16, urged that the Joint Committee keep a small force at Tachilek between Mar. 20 and 31 to provide for stragglers. (690B.9321/3-1554)

[4] See footnote 2, Document 117.

[5] Not printed.

[6] For the record of Tsiang's statement before the First Committee, see U.N. document A/C.1/SR.653.

[7] Not printed.

No. 157

690B.9321/3-2554: Telegram

The Chargé in Thailand (Parsons) to the Department of State[1]

SECRET BANGKOK, March 25, 1954—11 a. m.

1971. In accordance instructions (Deptel 1847),[2] I called on Foreign Minister[3] 24 March to urge Thai agreement to GUB proposal March 17 for limited cease-fire Palu area enable foreign forces evacuate from Tenasserim area. Foreign Minister assured me Thai Government desires complete evacuation project soonest possible. However, stated Cabinet council had thoroughly considered GUB proposal on 22 March and rejected it as inadequate guarantee safety evacuation personnel. Foreign Minister handed me note dated 23 March in reply Embassy's note 18 March on subject (Embtel 1929 note 2)[4] substance of which follows: Ministry "reiterates that sufficient guarantees must be forthcoming for the control, safety, and cease-fire in the Tenasserim area before evacuation could be undertaken" . . . .[5] "Ministry regrets" that GUB note of 17 March "does not appear, especially in its last part, to offer such guarantees. Much as the Ministry would desire to see as great a measure of evacuation as possible of foreign forces from Burma in accordance with United Nations resolutions on the subject, it would appear that there is not yet a reasonable assurance that the proposed evacuation operation can be undertaken with success and without incident." Foreign Minister particularly emphasized last phrase of Ministry's note. Contents not yet passed Burmese Embassy and will discuss further action with Sebald on arrival Bangkok today.[6]

I then discussed informally with Foreign Minister [proposal] of General Li Tse-fen (Embtel 1953),[7] namely that since KMTs claim they exercise effective control over area east of Dawna range to Thai border, KMT forces could themselves guarantee cease-fire that area for evacuation purposes provided GUB would withhold military action in area until evacuation completed. Foreign Minister said proposal, if and when made, would have to be examined for military feasibility, and if Thai military approved then Cabinet council would probably approve. Question would still remain of GUB reaction such proposal and since GUB has registered negative on past proposals for cease-fire east of Dawna range careful groundwork would have to be laid to obtain GUB agreement, provided Thai Government agrees. Possibility favorable action all concerned prior rains mid-April dubious. If Li proposal fails, only remaining possibility lies in GUB establishing effective military control over area before evacuation can be undertaken. However, I am asking Palmer endeavor obtain full [committee] agreement to Li proposal enable Thai representative clear with own government before presenting to GUB. All Thai representatives Joint Committee absent Bangkok since 21 March not expected return until 26-27 March.

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[1] Repeated to Rangoon and Taipei.

[2] Not printed.

[3] Prince Wan Waithayakon Krommun Naradhip Bongsprabandh.

[4] In telegram 1929, Mar. 18, the Embassy reported that a note to the Thai Foreign Office paraphrasing Burma's views on the Tenasserim evacuation proposal and requesting Thai participation had been delivered. (690B.9321/3-1854)

[5] Ellipsis in the source text.

[6] Sebald visited Bangkok Mar. 25-27. Telegram 1976 from Bangkok, Mar. 25, reported that the Embassy had transmitted the substance of the Thai note to the Burmese Embassy with an additional paragraph inviting a Burmese alternative proposal. (690B.9321/3-2554)

[7] Not printed.

General Phao's Chief of Staff Colonel Charoenrit visited Mae Saud several days ago, informed Embassy he believes GUB forces will capture Myawadi by end March; Ministry Interior has moved 400 police into area in case alien forces driven from Burma into Thailand; believes KMT-Karens-Mons unable cope with GUB forces. His views diametrically opposed those General Li Tse-fen who claims KMTs control area. Charoenrit also complained GUB planes bombed over Thai border killing several Thais near Mae Saud recently.

PARSONS

No. 158

790B.5 MSP/3-2954: Despatch

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET
No. 376

RANGOON, March 29, 1954.

Subject: Arms Procurement on Reimbursable Aid Basis.

With reference to the Embassy's telegram No. 931 of March 24, 1954[2] and previous correspondence, there are enclosed copies of a memorandum delivered to the Foreign Office on that date and the attached list[3] of arms and war materials available for purchase by the Burmese Government on a reimbursable basis under Section 408(e) of the Mutual Defense Assistance Act. This list represents the items which the British Government agreed might be supplied by the Amcrican Government, from a very much longer initial list submitted by the Burmese Government about ten months ago. Copies of the memorandum and list have been given to the British Embassy in Rangoon, and it is understood that they have already been forwarded to London.

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[1] Repeated to London by the Department.

[2] Telegram 931 reported that the Embassy on Mar. 24 delivered to the Burmese Foreign Office lists of army and air equipment approved by the British for U.S. sale to Burma. (790B.5/3-2454)

[3] Neither printed.

A memorandum of the conversation incidental to the delivery of this list is also enclosed.[4]

It is impossible to predict the reaction of the Burmese Government to this abbreviated list. It has become apparent to the Embassy, however, that during the protracted waiting period while agreement was being reached between the British and American Governments, the Burmese practically abandoned hope of receiving substantial quantities of war materials from the United States and lost interest in the matter. It is especially unfortunate that the delay happened to coincide with efforts to remove the Chinese irregular troops from this country, since these troops are generally considered to be protegés of the United States, and failure to supply arms promptly has probably been interpreted as being prompted by a desire to avoid their use against these troops.

On the other hand, even belated agreement to supply small quantities of low-priority items can have a favorable psychological impact by indicating that the American Government has sufficient confidence in the orientation and stability of the Burmese Government to entrust it with American arms.

The primary objective of the Burmese in seeking arms from the United States, namely, to reduce their dependence upon the British, has not been realized, and it has been made clear to them by this transaction that the United States is prepared to be guided by British wishes. Although the effect of this discovery upon the Burmese attitude toward the United States may be expected to be unfavorable, the fact that the negotiations have probably moved the British Government to liberalize its own attitude toward the supplying of arms to Burma may to some extent counteract this effect.

On the basis of our discussions with the Foreign Office, it would appear that if the Burmese Government should decide to purchase any items from the approved list the official diplomatic request will be made through the Burmese Embassy in Washington to the

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[4] Not printed.

Department, and that subsequent negotiations would be carried on in Washington.[5]

W. J. SEBALD

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[5] Report R–90–54 by the U.S. Army Attaché, June 25, stated that, as of that date, no official reply had been received from the Burmese Foreign Office. The Attaché reported, however, that about a month earlier, a Burmese Army officer actively involved in the procurement negotiations told him that the high prices quoted by the United States were evidently a backdoor means of refusing to sell Burma arms and that the War Office recommended against any purchase of arms from the United States. The report was attached to an undated memorandum for the OCB Working Group on NSC 5405, enclosed with a letter of Aug. 19, 1954, from Burma desk officer W. Wendell Blancke to Acly. (790B.5/8–1654)

No. 159

690B.9321/4–954

President Eisenhower to Prime Minister Nu[1]

WASHINGTON, April 6, 1954.

DEAR MR. PRIME MINISTER: Thank you for your letter of March fifteenth in which you set forth certain views regarding the evacuation of foreign forces from Burma. I am keenly aware of your concern in the matter, having myself followed the progress of the operation, and I fully understand your position. I also believe that this understanding is shared by informed American opinion.

At the time of the American Ambassador's discussion with your Foreign Minister,[2] we were indeed concerned with the effect which the reported initiation of Burmese military operations might have on the efforts of the Joint Military Committee to complete its mission. Happily the evacuation was completed as planned.

I am deeply gratified, as I am sure you are, to note that the evacuation of almost 5,000 irregulars from the Shan State has been accomplished through the international cooperation of Burma, Thailand, the Republic of China, and the United States. We have consistently recognized that there were limits to what could be achieved through international action, but I sincerely hope that the results attained will have contributed substantially to a final solution of the problem.

A share of credit is due the Chinese Government, without whose cooperation no evacuation would have been possible. President

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[1] The letter was sent to Rangoon for transmittal to the Prime Minister as an enclosure to instruction CA–5704, Apr. 9, which noted that a copy had been given to Ambassador Barrington. (690B.9321/4–954)

[2] See Document 151.

Chiang Kai-shek took a direct interest in the operation, and I understand that his personal appeal was largely responsible for the fact that many more irregulars were persuaded to leave than had been expected. Even though this appeal was not made publicly, it was nonetheless effective. The Chinese Government has, of course, stated publicly that those irregulars who refuse to leave Burma can count on no support whatsoever.

In closing I assure you of my continued interest in the problem. In particular, I hope that the further evacuation, now in prospect from the Tenasserim Peninsula, may contribute toward solving Burma's difficulties with its own insurgents in that area.

Sincerely,

DWIGHT D. EISENHOWER

No. 160

690B.9321/4-954: Telegram

The Chargé in Thailand (Parsons) to the Department of State[1]

SECRET BANGKOK, April 9, 1954—4 p. m.

2067. Re Deptel 2003 repeated information Rangoon 904, Taipei 822.[2] In lengthy discussion with Foreign Minister reported Embtel 2029,[3] proposal set forth Deptel 1847[4] fully discussed and rejected by Foreign Minister. His argument was if safe to evacuate, unimportant which side Thai border operations conducted but situation Tenasserim area precludes further operations this time.

Will continue discuss question. In fact each time have seen Foreign Minister during last two weeks either officially or socially have raised question with him. Same true Prime Minister.

Burmese Ambassador last night said he personally convinced Burmese Army will initiate action against KMT troops Palu area following expiration cease-fire April 10.

PARSONS

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[1] Repeated to Rangoon and Taipei.

[2] Dated Apr. 8; it requested the Embassy in Bangkok to reopen the question of the Tenasserim evacuation with the Thai Government, putting forward an earlier Department of State suggestion that the evacuation operations be conducted on the Thai side of the border. (690B.9321/4-254)

[3] Not printed. (690B.9321/4-254)

[4] Telegram 1847 to Bangkok, Mar. 19, made the suggestion described in footnote 2 above. (690B.9321/3-1854)

No. 161

690B.9321/4-2354: Telegram

The Chargé in Thailand (Parsons) to the Department of State[1]

SECRET PRIORITY BANGKOK, April 23, 1954—5 p. m.

2146. Thai representative joint committee today gave first indication Thai willingness participate evacuation south group suggesting committee receive evacuees Burma, impound arms Thai side border when operation begins. Foreign Office awaiting committee recommendations, expects government will approve provided safety guarantees sufficient. Burmese extended ceasefire Palu area through 30 April requesting Foreign Forces refrain from attacks on GUB forces from area. GUB still considering Myawadi safety corridor request.[2] Approval would facilitate committee action.[3]

PARSONS

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[1] Repeated to Taipei and Rangoon.

[2] Telegram 2128 from Bangkok, Apr. 21, reported that, following a Joint Committee inquiry, the Burmese Ambassador requested his government to consider establishing a safety corridor from Palu through Myawadi. (690B.9321/4-2154)

[3] Telegram 2158 from Bangkok, Apr. 27, reported that the Burmese Government approved the Committee's proposal on Apr. 27 with the provision that the evacuation begin by May 5 and finish by May 15. (690B.9321/4-2754)

No. 162

690B.9321/4-2954

The Ambassador in Burma (Sebald) to the Director of the Office of Philippine and Southeast Asian Affairs (Bonsal)

TOP SECRET RANGOON, April 29, 1954.

DEAR PHIL: I hope you have had an opportunity to read Taipei's secret despatch no. 573, April 6, 1954, on the subject, "Some Observations on the Conduct of the First Phase of the Evacuation of Li Mi's Troops From Burma".[1] After you have read this despatch, I

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[1] Despatch 573 includes a summary which reads:

"Information available to the Embassy indicates that the Chinese Government at one time adopted a plan for token compliance with the UN Resolution by withdrawing a part of Li Mi's forces from Burma, leaving the bulk intact for future operations against the Communist rear. This plan, known as Operation *T'ien* ('heaven') was later abandoned in favor of a complete withdrawal. However, certain facets of the operation were apparently set in motion during the First Phase of the evacuation which would explain the curious performance put on by an evacuee who mas-

Continued

am sure you will agree with me that the story which it tells, a story which obviously is far from complete, is fantastic.

I read the despatch, not with a feeling of "I told you so", but rather with a sense of depression brought on by the realization that the United States Government could be so thoroughly hoodwinked by a friendly government. In consequence, its officers were placed in the position of assuring another friendly government in all good faith of Chinese *bona fides,* in the negotiations which took place in Rangoon, Bangkok, and elsewhere over a period of so many months. I note from the despatch under reference that the Chinese Foreign Minister, among others, reportedly took part in a conference held on June 9, 1953, at which certain basic Chinese policy regarding the proposed evacuation was formulated. Thereafter, we in the field were called upon again and again to nurse along, in strong language and with soothing promises, the Burmese and others, and to explain away the Chinese delays and frustrations which, as indicated in the despatch, were agreed upon in advance and actually carried out according to plan.

The reference despatch is also interesting in explaining the *volte-face* of the Chinese when the prospect of a second evacuation was suddenly thrown into the mill for negotiation. That we by that time did not voice our suspicions of Chinese wangling in this affair, is something of a paradox to me, especially in the light of my telegrams no. 396, October 27, 1953[2] and no. 504, November 23, 1953.

Fortunately for all parties concerned, the evacuation of a goodly portion of the KMT's from Burma appears to have satisfied the Burmese Government and people that at least the United States Government has done its utmost to bring about a successful evacuation. This satisfaction will be increased, I believe, if the Myawadi evacuation now planned is successfully carried out. I hope that this will be so, and that when the Committee disbands, having completed a "very successful operation", we shall see the end of this problem.

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queraded as Lieutenant General Lu Kuo-ch'uan, Commanding General of the 26th Army.

"It is possible that unexpected factors beyond the Chinese Government's control made this operation impossible and brought about the abrupt decision to open negotiations for the withdrawal of several thousand additional troops immediately following the completion of the First Phase in December 1953. . . . Those Chinese officials responsible for forcing the decision to withdraw all of Li Mi's troops evidently had to overcome powerful pro-Li Mi elements within the several branches of the Government." (690B.9321/4-654)

[2] In telegram 396 from Rangoon, Sebald predicted that the Chinese troops in Burma would continue to present a problem after the completion of the then-planned evacuation, especially because of their reported cooperation with the Karens in the Moulmein area. (690B.9321/10-2753)

I raise this matter at this time because of my concern over the possibility that eventually complete information regarding Chinese duplicity in the "first phase" evacuation might fall into the hands of the Burmese Government. In the Orient, there are no secrets, and sooner or later it appears almost inevitable that some dissident person, Chinese or Karen, will inform Burmese Intelligence of what actually took place. There is also the possibility that the Burmese Army may already have captured sufficient documentary evidence from KMT headquarters and elsewhere to piece together a fairly accurate story regarding the first evacuation. I hope that my fears are unfounded, but we may as well be realistic and be prepared for the worst.

Sincerely yours,

BILL

No. 163

690B.9321/5-2254: Telegram

The Ambassador in Thailand (Donovan) to the Department of State[1]

SECRET BANGKOK, May 22, 1954—5 p. m.

2325.

Part One.

Palmer reported to committee May 22 FF locations and strengths per available information; requested China and Thai verify and give views possible means contacting FF and estimate time necessary contact (Department telegram 2250)[2] China and Thai promised study make reply.

Part Two.

Regarding other questions Department telegram 2250.

I saw Prime Minister this morning who stated in presence General Kharb[3] remaining FF must be cleared out and Thai should cooperate with Government Union Burma take effective measures accomplish objective.

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[1] Repeated to Taipei.

[2] Dated May 14; it instructed Palmer and the Embassy in Bangkok to explore the possibility of a further evacuation but stated that the United States was reluctant to make any additional financial commitment until all the factors involved could be studied. (690B.9321/5-1454)

[3] Maj. Gen. Kharb Kunjara, Secretary-General to the Prime Minister and Deputy Chief of Defense General Staff.

While in Rangoon May 16–17, I saw President and Prime Minister Government Union Burma who stated Government Union Burma would cooperate with Thai this project.

In talking with both sides, I made further point that if both work together to meet this common danger, it will result in greatest assurance of amity and also facilitate cooperation with United States in united action.

Both sides feel FF cannot be permitted remain indefinitely along border marauding, engaging illicit activities, creating disturbances and tensions. Thai would welcome demonstration by FF of professed anti-Communist sentiments by their proceeding Yunnan-Burma border creating trouble for Red China, but see no possibility such eventuality. Thai also see no reason endeavor absorb these alien dissident elements; regard evacuation best solution.

I have assured Thai and Burmese of United States desire help solve remaining problem earliest possible time, but also set forth our reluctance make further financial commitment pending formulation concrete measures achieve further evacuation and justify action. Have emphasized desire achieve strictest operating economy, but Thai reluctant of rail-sea lift routing, reasons security and logistics.

DONOVAN

No. 164

690B.9321/4-2954

The Deputy Director of the Office of Philippine and Southeast Asian Affairs (Day) to the Ambassador in Burma (Sebald)

TOP SECRET OFFICIAL–INFORMAL [WASHINGTON,] May 26, 1954.

DEAR BILL: In the absence of Phil Bonsal, who is still in Geneva, I opened your letter of April 29 concerning Taipei's despatch No. 573. I had not seen this despatch before receiving your letter and am not certain that I would have seen it had you not written. It paints a sorry picture. I am sure that you realize that anyone who served in Rangoon from 1950 on is fully aware of how the KMT troop business poisoned our relations with Burma.

In the course of efforts to make an evacuation plan work this office and the Office of Chinese Affairs found it necessary to send a stream of instructions, some of which must have been extremely difficult to carry out involving as they did approaches to the authorities on subjects about which they were extremely sensitive.

Without knowing precisely who was responsible or why it was so, we became aware that all elements in Taipei were by no means cooperating, despite Chiang Kai-shek's commitment, and that there was a strong element among influential political leaders which definitely opposed the plan at the time. Phase I should have produced better results. So many instructions were sent to Taipei that the traffic would hardly bear any more with any chance of success. In sending instructions to you as well as to Bangkok it was not intended that you should assume responsibility for the good faith of the Chinese. The theory was that we were exercising good offices for the mutual advantage of all concerned. We realized, however, that the Burmese expected the Chinese to fulfill their share of the bargain to the extent that we made representations on their behalf. In asking the Burmese Government to cooperate in the scheme the Department believed that despite obstacles and delays on the Chinese side positive action by all three governments in addition to our own would have to be secured.

There was one time when a current of opinion against Burma developed in the Department and that was when Burma resorted to military action at a time when it seemed here as if it would wreck the whole plan. Later the general opinion turned in favor of Burma as the obstacles and delays on the part of the Chinese became ever more apparent.

We now have the impression here that your efforts have done enormous good in bringing our relations with Burma around to where they would be if there had not been this KMT trouble. It is certainly true that there is a danger that some of the information reported in Taipei's 573 will ultimately come to the knowledge of the Burmese and that we should be prepared.

Sincerely,

HENRY B. DAY

No. 165

690B.9321/6-254: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, June 2, 1954—4 p. m.

1166. Taipei's 652 to Department, 123 to Rangoon.[2] From informal conversation on KMT problem with Prime Minister U Nu yes-

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[1] Repeated to Bangkok and Taipei.

[2] Telegram 652, June 1, reported that Li Mi issued a public statement on May 29 formally announcing the completion of the evacuation and the liquidation of the

Continued

terday, I gather GUB reasonably satisfied this problem solved. U Nu expressed hope no further assistance of any kind would be given those remaining behind. I replied Chinese Government not interested in stragglers and on basis its helpful attitude during evacuation he could be certain no assistance any kind would be forthcoming. US Government had from beginning made clear its attitude which remains unchanged.

While statement by joint committee would be helpful, I consider Chinese Government should issue statement completely disavowing any troops remaining behind as previously promised. I hope, however, that such statement would be designed to clear atmosphere of suspicion, would not be self-serving, and would tend improve understanding with GUB. If these criteria cannot be met, it would be better statement were not made.

Prior Chinese Government issuing statement, however, believe essential GUB be informed efforts made toward fourth phase evacuation and reasons why committee considers further efforts hopeless.

SEBALD

"Anti-Communist and National Salvation Army of Yunnan Province". It also reported that the Chinese Government felt no more troops could be evacuated and favored an early announcement by the Joint Committee that the evacuation had been concluded. (690B.9321/6–154)

No. 166

690B.9321/6–154: Telegram

The Secretary of State to the Embassy in the Republic of China[1]

SECRET PRIORITY WASHINGTON, June 2, 1954—6:34 p. m.

910. Concerned lest Chinese Government yield to pressures your 652[2] and attempt break off evacuation negotiations. Bangkok's 2390 (Taipei 367)[3] indicates Colonel I concurs Thai wish continue explore ways means evacuate remainder and agrees try contact guerrilla leaders. Recognizing large scale operation probably not feasible unless Chinese willing and able send representatives into Burma to canvass candidates, consider nevertheless present explorations should continue and those willing to leave should be evacuated. Facilities should be kept open reasonable period and Chinese

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[1] Repeated to Bangkok and Rangoon.

[2] See footnote 2, *supra*.

[3] Not printed.

should cooperate in orderly wind-up leaving all parties satisfied job done properly.

Discuss situation with Foreign Minister earliest opportunity seeking assurances Li Mi statement does not signify unwillingness Chinese Government itself continue cooperation in efforts pursuant UN resolution remove all forces possible from Burma. Believe especially important avert any ill considered action by MND which might preclude further Chinese cooperation. In support continuing efforts suggest following points in addition foregoing considerations:

1. There still appear be forces in border area wishing evacuate. We concur Thai view not leave anyone unfortunate victim circumstances (Bangkok's 364 Taipei).[4]
2. If China takes unilateral decision terminate operation before other parties especially Burma consider job finished, China may find itself in poor light when matter comes before UN.
3. US now seeking financial means. Once decision made to go ahead operation would probably be on relatively limited scale but would include provision for resettlement Formosa.
4. Urge Chinese continue represented on Committee until all agreed evacuation possibilities exhausted.
5. US will endeavor make China position clear to GUB (penultimate sentence your 652).[5]

If subsequently appears China resolved press for formal termination urge this be withheld for time being and last call issued by Chinese Government, timed to coordinate with preparations Joint Committee which not yet complete. Emphasize desirability orderly termination and only after all loose ends gathered up.

Dulles

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[4] Telegram 364, from Bangkok to Taipei, sent to the Department as 2308, May 20, is not printed.

[5] The sentence under reference stated that the Chinese Government felt it had done everything possible to bring the evacuation to a successful conclusion and feared fruitless efforts to bring out more evacuees might lead to a revival of Burmese accusations.

No. 167

690B.9321/6-1154: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State[1]

CONFIDENTIAL PRIORITY TAIPEI, June 11, 1954—5 p. m.

674. Our 665 to Department, 138 Bangkok, 124 Rangoon.[2] Foreign Minister Yeh told me today Chinese Government wants immediate formal termination of Joint Committee operations. After discussions with Colonel I Fu-de and consideration by Executive Yuan yesterday, conclusion reached that further attempts at evacuation not only useless but also a mistake from both Chinese and American standpoints as continuing efforts imply responsibility to secure additional evacuation.

Foreign Minister conceded probability of additional stragglers and stated Chinese Military Attaché in Bangkok will cooperate fully on informal basis in arranging passage to Formosa. But Chinese Government is convinced formal operations of Joint Committee should be declared officially terminated soonest.

I requested Foreign Minister withhold any official Chinese announcement this respect pending early advice from Washington or Bangkok. I also repeated my earlier request that any statement issued by China avoid recriminations. Minister gave assurance on this score.

RANKIN

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[1] Repeated to Bangkok and Rangoon.

[2] Telegram 665 from Taipei, June 4, reported that Yeh told Rankin that the Chinese Government would continue to cooperate fully in efforts to remove all possible foreign forces from Burma but that it doubted any more guerrillas would choose to evacuate. (690B.9321/6-454)

No. 168

690B.9321/6-1654: Telegram

The Secretary of State to the Embassy in Thailand[1]

SECRET WASHINGTON, June 16, 1954—7:11 p. m.

2508. Operations Coordinating Board agreed as follows June 16 re further financial support evacuation:

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[1] Also sent to Taipei and Rangoon.

1. Considers regular evacuation program successfully ended but is willing handle stragglers as may present selves in reasonable period. Purpose this continued activity is terminate UN task in orderly manner to satisfaction all concerned.
2. Without specifying exact cut-off in numbers, general scope of further support limited to remainder of 1500 planned on for Phase Three of which 836 already evacuated.
3. Cut-off date no later than September 1 or earlier if possible.

Comment: Principle is keep facilities open and Committee on duty, with fitting notification to stragglers for example one leaflet drop, US representatives to keep general limitations in mind and act accordingly. If it appears operation may exceed above scope in more than small numbers Department should be notified promptly.

Full transportation costs to be paid from unobligated dollar balance estimated about $101,000; resettlement Taiwan from FOA counterpart; Thai costs from unexpended counterpart balance. Separate operational messages to follow.

Posts requested comment on implementation above decision soonest after which Department will instruct re informing governments.

DULLES

No. 169

690B.9321/6-2254: Telegram

The Ambassador in the Republic of China (Rankin) to the Department of State[1]

SECRET TAIPEI, June 22, 1954—9 p. m.

703. Department's 941 and 933.[2] Delivered forceful note based on 933 to Chinese Foreign Minister afternoon June 18[3] and simultaneously emphasized points orally. Latest inquiry reveals subject under discussion at highest government levels with decision expected tomorrow or next day.

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[1] Repeated to Bangkok and Rangoon.

[2] Telegram 933 to Taipei, June 16, instructed the Embassy to urge the Chinese Government to cooperate with the Joint Committee in carrying out a close-out operation to evacuate stragglers and to refrain from issuing a statement unilaterally declaring the evacuation at an end and repudiating the troops remaining in Burma. (690B.9321/6-1654) The Chinese Government declared its intention of issuing such a statement in a memorandum given to the U.S. Embassy on June 16, the text of which was reported in telegram 679 from Taipei, June 16. (690B.9321/6-1654) Telegram 941 to Taipei, June 21, again urged Chinese agreement to the evacuation of stragglers. (690B.9321/6-2154)

[3] Not printed.

On basis conversation with Foreign Minister's subordinate who handle day to day leg work on Burma evacuation problem, we are hopeful that Chinese Government will cancel its proposed unilateral statement and subscribe to joint committee release in Bangkok's 2520.[4] In this connection, Foreign Office subordinate agreed inclusion September 1 date (Department's 941)[5] most desirable.

We have kept Foreign Office fully informed all developments including apparent Burmese willingness conclude evacuation within brief period.

Will report urgently Chinese Government's decision and any other developments.[6]

RANKIN

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[4] Dated June 18; it reported that the Joint Committee representatives tentatively approved a proposed Committee press release announcing the conclusion of the regular evacuation program and the continuation of evacuation facilities for a reasonable period of time. (690B.9321/6-1854)

[5] Telegram 941, cited in footnote 2 above, was also sent to Bangkok and recommended that the Joint Committee's press release should specify Sept. 1 as the cut-off date for the final evacuation operations.

[6] On July 29, the Joint Military Committee issued a press release declaring that the regular program of evacuation had been completed but that the Committee was maintaining evacuation facilities for those who chose to evacuate before Sept. 1. The final report of the Joint Military Committee was submitted to the U.N. Secretary-General on Sept. 28; for text, see U.N. document A/2740.

No. 170

790B.00/6-2854

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State

SECRET WASHINGTON, June 28, 1954.

Subject: Position of Burma's Prime Minister

Ambassador Sebald has reported on a two-hour luncheon conversation he had alone on June 1 with Burmese Prime Minister U Nu[1] during which the Prime Minister asserted that he would like to speak out more boldly on the Communist Chinese danger to Burma but is held back by the conviction that under present circumstances such candor on his part would endanger Burmese democracy by dividing his own Cabinet and aiding the Opposition. The Prime Minister expressed his admiration for the boldness and forthrightness of your own speeches.

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[1] Sebald reported the conversation in a memorandum of conversation dated June 1, enclosed in despatch 500, June 4. (790B.13/6-454)

He said that he and his Acting Foreign Minister, U Kyaw Nyein, have agreed that neutrality is the best course for Burma to follow in view of Burma's internal difficulties and the need to get along with those of their Cabinet colleagues whom the Prime Minister described as unprincipled opportunists.

The Prime Minister said he is exceedingly concerned over reports that the Chinese Communists have been infiltrating into the northern border areas. The Government, he said, already has some evidence that Chinese Communist agents provocateurs have been sent in and that when more evidence is at hand the Government plans to make a strong protest to Peiping.

He was convinced that Nehru's policies stem from a morbid fear of Communist China. He said Nehru had dissuaded him last year from a plan he was considering for a non-aggression pact with the Chinese Communists; Nehru had argued that such a pact would only invite Chinese Communist aggression somewhere else. Nehru seems convinced, the Prime Minister thought, that the only way to keep Communist China from aggression against India is to remove sources of friction. U Nu said he does not share this view; that on the contrary he feels Southeast Asia will be in imminent danger when the Communists consolidate their power in China.

The Prime Minister was attracted by Ambassador Sebald's explanation that continuing U.S. support for the Government of the Republic of China enables that Government to stand as a symbol and rallying point for non-Communist overseas Chinese.

He expressed great admiration for the U.S., and the desire to visit here when the time is right.

Ambassador Sebald comments that his conversation has further reinforced his conviction that the most responsible Burmese leaders are latently pro-Western and definitely anti-Communist. Ambassador Sebald believes Burma should not be pushed too rapidly or too far but that Burma's leaders should be kept frankly informed of developments in Southeast Asia.

No. 171

790B.00/7-1354: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, July 13, 1954—2 p. m.

31. Following summarizes [name deleted] remarks during my farewell call.

1. GUB has no illusions re permanency Chou-Nu statement[2] but believes declaration of principles will give Burma several years reprieve from CPR aggression. GUB will utilize statement as internal propaganda weapon against Burmese Communist insurgents, proving they do not have support CPR. [Name deleted] believes political demoralization insurgents will result, facilitating military destruction.

2. U Nu told Chou flatly CUG does not trust CPR and believes latter attempting undermine GUB. Also told Nehru GUB suspicious CPR, with result latter warned Chou small countries fear motives CPR.

3. In two years time GUB planning through national service train 200,000 men and women yearly, strengthening backbone Burmese people. Economic service similar that practiced Israel, and democratic indoctrination will be part national service scheme. Hope eventually thereby instill "real hatred Communism" especially against aggressive Chinese.

4. GUB will not join SEATO but will adopt benevolent neutral attitude. *Comment:* He felt GUB must not get too far ahead Burmese public opinion which still thinking in terms colonialism.

5. GUB has confidentially promised Thais full support their appeal to UN.[3] *Comment:* [name deleted] said frankly "We might find ourselves in same position before too long".

6. GUB proposed visit of King of Cambodia "whether CPR likes it or not".

7. Expressed hope US leaders would not "embarrass GUB by public associating Burma with American policies" as local considerations make it inexpedient GUB publicly become too friendly with west at this time.

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[1] Repeated by the Department to Geneva for the U.S. Delegation at the Geneva Conference.

[2] Chou En-lai visited Burma June 28-30 after a visit in New Delhi on his way back to Peking from the Geneva Conference. The statement under reference, issued by Chou and Nu on June 29, declared that mutual respect for each other's territorial integrity and sovereignty, nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence should be the principles of the relationship between China and Burma. The text of the statement is in *Documents on International Affairs, 1954* (issued under the auspices of the Royal Institute for International Affairs, London, Oxford University Press, 1957).

[3] Reference is to Thailand's request to the General Assembly for the dispatch of observers under the Peace Observation Commission because of the Thai Government's concern that fighting in Indochina might spread into Thai territory; for documentation, see vol. XIII, Part 2, pp. 1630 ff.

Comment: In lengthy, surprisingly frank conversations with Burmese leaders during past week, it apparent they fighting communism their own manner and methods as have done during past five years. They presently wish from US nothing more than sympathetic understanding their situation and problems. They seeking respite several years for liquidation insurgency, continuing development economy, social reforms, raising standard of living. May require IBRD loan such projects as hydroelectric development and hope US would give sympathetic support their application. Leaders have voluntarily told me free American aid would not be welcome nor accepted under present conditions. They believe it almost inevitable Burma will eventually become target for Chinese aggression but do not at this time fear internal subversion, which believe can handle without too much difficulty. They convinced external aggression, barring world war, will not come until CPR fully integrated, best guess about five years hence. President Ba U and Prime Minister during past three days have separately told me US need not worry Burma when chips are down. In any event GUB would resist aggression of any kind with whatever power at their disposal. Prime Minister said "We would fight against any invasion but would appeal UN which we believe would come our assistance".

SEBALD

No. 172

790B.00/7–1654: Telegram

The Chargé in Burma (Acly) to the Department of State[1]

SECRET RANGOON, July 16, 1954—5 p. m.

42. Before small "family" farewell luncheon for Ambassador July 14, Acting Foreign Minister Kyaw Nyein raised question arms procurement from US. Told Ambassador not thinking of gift but some arrangement enable "purchase arms at very reasonable price". Obviously thinking of fiasco previous approach, said under impression US supporting policy of Britisn maintain sphere of influence Burma. Added British promise anything but do not deliver.

He said agreement proposed by British representative [apparent omission] the Freeman–Letya Agreement made it clear British primary interest maintain "*status quo* and sphere influence" Burma. He thought we should have learned lesson supporting *status quo* Indochina and hoped would not repeat error Burma.

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[1] Repeated to London.

Ambassador reviewed briefly previous negotiations this matter and said Gore-Booth had told him GUB now receiving more arms some categories than wanted. Kyaw Nyein said thought not case.

Ambassador denied we backing British in sense suggested but said necessary coordinate supply arms throughout world. Said would look into matter on arrival Washington.

Comment: Changing situation SEA appears increase urgency real strengthening defensive position Burma. Believe attitude GUB toward Communism would assure use such strength in interests free world. Previous experience makes it clear British still wish use control arms supply as means exerting influence and that this important obstacle effective military aid. However, Burmese anti-colonial phobia and neutral policy would make it impossible GUB accept MSA commitments or any formal arrangement advice or training to overcome own general inefficiency. Therefore, believe following principles should govern any efforts on our part increase Burma's strength:

(1) We cannot expect that matériel supplied will be used with full effectiveness according our standards;

(2) Increased supplies some categories arms and equipment would, however, improve Burma's ability defend self;

(3) Wholehearted agreement of British or willingness disregard their wishes essential prerequisite any effective steps by US.

ACLY

No. 173

790B.2317/10-2254: Telegram

The Chargé in Burma (Acly) to the Department of State

CONFIDENTIAL RANGOON, October 22, 1954—noon.

317. During conversation with Acting Foreign Minister yesterday on another matter he raised question impending economic crisis result deterioration rice market. Said if US wishes retain support nations this area should make effort bolster market for native products (especially rice, rubber and tin) from SEA, possibly resorting some means subsidizing them. Was especially critical what he referred to as our "dumping scheme for agricultural surpluses".[1] Also criticized our continued synthetic rubber production.

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[1] Reference is to Public Law 480 or the Agricultural Trade Development and Assistance Act of 1954 (approved July 10, 1954; 68 Stat. 454), which provided for the sale of surplus agricultural commodities for foreign currencies.

Kyaw Nyein referred to plan proposed by Prime Minister (Embtel 300)[2] and said hoped some way could be found for US contribute to solution problem surplus rice in SEA. He was not impressed by my arguments to show humanitarian objectives our proposed grain contribution under Colombo Plan.

While recognizing possible US legal difficulties in plan proposed by Prime Minister Kyaw Nyein said he hopes US will at least refrain from making problem worse by subsidized competition in Asian rice market. In view dependence GUB on proceeds rice sales for development and welfare programs he anticipates serious consequences unless something can be done forestall market crisis.

Comment: Kyaw Nyein most powerful anti-Communist influence in Cabinet and is undoubtedly sincerely concerned economic situation. Believe his ideas worthy serious thought.

ACLY

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[2] Telegram 300 from Rangoon, Oct. 15, reported that U Nu told a press conference on Oct. 14 that he had suggested to Sebald that the United States provide Burma with technicians and equipment in return for commodities such as rice, timber, and rubber which could be used to aid other countries. (790B.5 MSP/10–1554)

No. 174

OCB files, lot 62 D 430, "Burma"

Paper Approved by the Operations Coordinating Board[1]

TOP SECRET
OCB File No. 41

WASHINGTON, October 27, 1954.

OPERATING PLAN ON SALE OF ARMS AND WAR MATERIALS TO BURMA

PROBLEM

In pursuance of NSC's 5405,[2] 5422/2[3] and 5429/2,[4] and recognizing the need to strengthen Burma's internal security forces—in a manner politically and financially acceptable to the Burmese Government—against anticipated Communist expansion and trans-border subversion: (a) to establish the desirability of supplying arms and war materials to Burma on bases intermediate between full-price purchase and outright gift; and (b) if this is established, to recommend courses of action for so doing.

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[1] A covering memorandum from Executive Officer Elmer B. Staats to the Operations Coordinating Board, Oct. 27, states that the paper was approved by the Board at its meeting that day.

[2] For text, see Part 1, p. 366.

[3] NSC 5422/2, "Guidelines Under NSC 162/2 for Fiscal Year 1956," Aug. 7, is not printed.

[4] For text, see Part 1, p. 769.

BACKGROUND

1. NSC Directives

NSC 5405 calls for prompt and effective implementation of the reimbursable military aid agreement with Burma, and, without desiring to supplant the U.K., to make clear that a British monopoly over Burmese arms supply is not desirable (items 35 and 38a). Item 38b also recommends urging the British to expand their military mission, but this has been overtaken by events with the termination of that mission as of January 4, 1954, by the Burmese.

NSC 5422/2, in recommending that the U.S. exert its leadership in the Pacific to block Communist expansion, notes that in this role the U.S. should be less influenced by European allies than in respect to Atlantic affairs (II, 18); also that a new U.S. initiative should be undertaken to strengthen the uncommitted and underdeveloped free world areas, particularly in Asia, by seeking their cooperation on a basis of mutual self-respect and without attempting to make allies of those not so inclined (IV, 22), Item 27 furthermore recommends a review of aid policies to develop more flexible overall procedures to meet changing world conditions.

NSC 5429/2 calls for increased efforts to develop the political, economic and military strength of non-Communist Asian countries (I, 1-b); for continued limited military assistance and training wherever possible to assist Southeast Asian states in stabilizing legal governments and controlling subversion (IV, 8); and for the restoration of U.S. prestige in the Far East by a new initiative in Southeast Asia, to stabilize the situation against further losses to Communism.

2. Summary History

Burma became eligible for Reimbursable Military Assistance in June, 1953, after having given the assurances[5] requisite under the then Sec. 408(e) of the MDAA Act as amended (now Sec. 106(b), MS Act of 1954).[6] An "approved list" of items available for purchase in the U.S., concurred in by the U.K., was handed the Burmese Government by Embassy Rangoon on March 24, 1954 (see Annex A),[7] but to date the Burmese have made no formal request to buy.

Negotiations insofar as U.S. and U.K. supply is concerned have been unsatisfactory. The Burmese Government is seeking a steady source of military equipment and training from free world sources, at a price it can afford but under an arrangement which would in no way interfere with Burmese control over military policy.

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[5] See Document 79.

[6] The Mutual Security Act of 1954, approved Aug. 26, 1954; 68 Stat. 832.

[7] Not printed.

To this end Burma has despatched military missions to several free nations, negotiated the Reimbursable Military Assistance agreement with the United States, and discussed at length with Great Britain the establishment of British supply and training on a new basis. These efforts have been in the main unsuccessful to date because: (a) the free nations other than the U.S. and the U.K. cannot provide the steadiness of supply, width of choice nor *expertise* which the Burmese desire; (b) U.S. purchase prices are considered beyond the means of slender Burmese dollar resources; the choice offered by the U.S. has moreover been drastically limited by subjection to U.K. screening; (c) the U.K. itself is apparently not prepared to furnish military equipment and services without exerting what the Burmese consider undue influence over their military policies.

The Burmese, however, still hope for an arrangement whereby they can purchase U.S. matériel on a more extensive basis than the very limited "approved list," and also "at a very reasonable price". An approach on these lines was made informally by the Acting Burmese Foreign Minister in July, 1954; and the Foreign Minister has more recently indicated that if this approach were encouraged Burma would formally request to send a military purchasing mission to the U.S.

At the OCB meeting of July 21, 1954, the following was recorded in the Minutes,[8] Report Item 3(c): "With regard to Burma, noted a statement by FOA of the desirability of introducing more flexibility whereby the U.S. could supply MDAP material on some basis intermediate between cash purchase at full market price and outright gift."

DISCUSSION

1. *Political Factors*

a. The Burmese Government's internal control has progressed to the point of firmness and the Government has given increasing indication, with changing conditions in Southeast Asia, of its resolve to combat external Communist aggression to the best of its ability. While Burmese leaders have no illusions regarding the permanency of the U Nu-Chou En-lai statement of June 29, 1954, they believe it may give them several years' reprieve from Chinese aggression; but they believe it almost inevitable that Burma will eventually become a target for Chinese attack.

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[8] Not printed.

b. It is United States policy to strengthen the free nations of Asia against Communist subversion. Intensified Red subversive efforts against Thailand and Burma are now to be expected: for instance, the Communists are developing in Yunnan (in areas bordering on Burma and Thailand) not only the Thai Autonomous State of Sibsongpanna but also a "free Kachin and Shan State Movement" with headquarters at Man Yok. There have been reported Red Chinese infiltration gambits in both the Shan and Kachin states of Burma, and while still on a small scale these gambits have the Burmese leaders worried.

c. Although Burmese leaders realize that it would be possible to obtain grant military assistance from the U.S. through an MDAP agreement, they are unwilling to take this course because they consider that Burmese public opinion at this time would not permit the radical departure from the popular "neutral" foreign policy which such an arrangement would entail. These leaders wish to obtain free world assistance, and do not intend to seek Communist military aid; but they must pay for what they get, for political reasons, and cannot pay more than a nominal price, for budgetary reasons.

d. Great Britain, which in the past has been Burma's only supplier, has evidently spoiled its chances of continuing in an exclusive role by its efforts to cling to a most favored position—and thereby to protect the considerable economic investment which it still has in Burma—through a supply policy designed to exert influence over Burmese military policy. The U.K. is reportedly attempting to negotiate a new British Services Mission agreement which still stipulates U.S. exclusivity as supplier of arms and training to Burma. The Burmese have made it clear that they consider such a stipulation unacceptable, especially as it would in their view perpetuate some aspects of Colonialism.

U.S.-Burmese negotiations for the sale of arms to Burma under 408(e) have failed not only because of the price factor but also because of the long delays in time and the limitations in availability occasioned by the British attitude during our prescribed consultations with them. The "approved list" finally handed the Burmese in March, 1954, contained very few items that they really wanted. This situation gave rise to a conclusion on the part of the Burmese, unfortunately firm and widespread, that we were acquiescing in U.K. ambitions for a "sphere of influence" in Burma. It is in the U.S. interest that we dissociate ourselves from the U.K. in this context. Such dissociation, however, shall be carried out so as to avoid a break with the U.K. over our Burma policy.

2. Basis for Negotiation

As mentioned above the Burmese are anxious to buy U.S. arms if prices can be put within their means, and they are ready to make a formal request if encouraged to do so. But they would not wish to re-open negotiation solely on the limited basis of the "approved list" finally concurred in by the British and offered to Burma last March. A glance at this list, summarized in Annex A, will show that its scope leaves much to be desired.

The British assert they can adequately supply Burma's military needs, but the Burmese consistently maintain that the U.K. is not doing so—a position concurred in by our attachés at Rangoon. And although it appears not unlikely that the U.K. will be able to remain the principal, if no longer the sole supplier of Burmese arms, the U.K. supply situation has been most uncertain since the British Services Mission was terminated last January. While the U.S. should undertake no more than a limited supply role, any U.S. effort to be effective and worthwhile should be on a basis of more latitude and flexibility than is afforded by the present "approved list". In line with current NSC directives, and especially NSC 5422/2 with respect to the degree of influence of European allies, it is believed in the U.S. interest to extend the scope of our supply to Burma beyond present limitations, on a relatively modest but practicable and useable basis.

The Department of Defense has suggested as a possible course of action that negotiations be reopened on the basis of supplying equipment for complete military units rather than continue with the present piecemeal offer. While such a course would have to be studied by Defense in the light of availability and training considerations, as well as of Burmese standards, capabilities and desires, some such practical approach should be employed if a U.S. effort is to be effective.

When a U.S. decision has been reached to go ahead we should inform the British of the proposed action to increase Burma's potential for defense against Communist subversion, expressing our hope that the U.K. will cooperate but making it clear that the U.S. feels obliged to proceed without further delay.

3. Suggestions for Financing

Before concrete plans can be made to help Burma finance purchases of U.S. arms it should be ascertained (a) what equipment consistent with the U.S. interest is considered to be most urgently required by the Burmese and (b) how much the Burmese can provide from their own dollar resources over the next few years.

Under existing legislation, the following methods may be used for furnishing military equipment to Burma:

a. *M.S. Act, 1954:* Under the provisions of the Mutual Security Act of 1954 military end-items may be furnished (grant or sale) to Burma under the following conditions:

(i) *Section 103.* Not applicable, since Burma is not prepared to sign an MDAP agreement.

(ii) *Section 106.* "The President may . . . sell or enter into contracts for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided,* That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement . . . , the President shall have received commitments satisfactory to him that such equipment, materials or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, . . . and that it will not undertake any act of aggression against any other state."[9] (There is now in effect a reimbursable military assistance agreement with Burma.)

(iii) *Section 401.* This is the special authorization controlled by the President for the use of a portion of the appropriated funds when it is inadvisable to specify the nature of expenditures. Not more than $20,000,000 may be allocated to any one nation in any fiscal year.

(iv) *Section 505.* "Assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to achievement of the purposes of this Act." (The procedures for providing aid under this section of the M.S. Act have not been worked out.)

(v) *Section 121:* "Assistance under this Section shall be made available subject to the provisions of Sections 141 and 142, except that . . . in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to this section, excluding unexpended balances of prior appropriations) to other nations, the President may waive specific provisions of Section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act." (The authorization under this section is $700 million, therefore, the maximum that can be authorized for all nations utilizing the waiver provision is $70 million.)

Military aid (end-items) may be furnished Burma under all four or any combination of the four sections (106, 121, 401, 505) discussed above. The amount and extent of this aid is dependent upon the desires and economic capability of the Burmese, as well as a determination by the United States as to the amount and extent of aid deemed necessary. It is not practicable at this time, prior to actual negotiations with the Burmese and screening of their requests by Defense, to determine the magnitude of the ultimate program which might be desirable. However, given the aim of moderately improving the Burmese potential for defense against Communist subversion, it is considered that $20 million would represent an upper limit of the U.S. contribution in grant aid. To this amount would be added whatever the Burmese would agree to pay themselves, which it is believed should be a substantial amount though not necessarily matching the U.S. expenditure.

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[9] Ellipses in this document are in the source text.

In the absence of legislative authority to furnish military equipment at reduced cost, it is proposed that Burma should be furnished military equipment on a reimbursable basis at established rates under Sections 106 and 505, and that the U.S. in addition grant Burma military equipment to an amount to be determined under Section 121 and/or 401.

b. *Public Law 480 (Agricultural Trade Development and Assistance Act of 1954):* Preliminary inquiries by Embassy Rangoon into the possibilities for sale of U.S. agricultural products in Burma indicate that prospects are not bright, as Burma exports many types of agricultural products. In the Embassy's opinion Burma might provide a market for limited quantities of dairy products, cotton, wheat flour, and tobacco. According to present indications such a program, provided it were politically and economically acceptable to Burma, could at best account for a small percentage of the U.S. support envisaged under Section 121 and/or 401 of the Mutual Security Act, above. The possibilities are being further explored, but an agricultural products program should not be counted on as substantial planning factor, even assuming it were acceptable to Burma.

Funds for support via the private corporation would probably need to be furnished by FOA under Section 121 of the Mutual Security Act.

4. Training

The Burmese, because of their neutrality policy, are fearful of a MAAG. They terminated the British Training Mission because they were unwilling to have foreign groups other than diplomatic within their country enjoying extraterritoriality. On the other hand, the U.S. Department of Defense would expect to provide at least a minimum of technical advice with any equipment it might sell to Burma.

The two considerations are not necessarily contradictory. Although a MAAG as such would be unacceptable, it is the opinion of Embassy Rangoon and the Service attachés that the Burmese would be willing to employ foreign military technicians on an *ad hoc* basis, being careful to avoid any arrangement which might permit foreigners to exercise influence on military planning and policy.[10]

It has been suggested that U.S. instructors might be added to the Embassy Attaché staff; also that civilian "factory technical representatives", might be furnished either from the principal manufacturers of equipment or from the U.S. armed forces employed as civilians, on a direct contract basis. In any case instructors would have to be employed nominally by the Burmese Government, and their number should be as limited as possible.

COURSES OF ACTION

1. Given a decision to go ahead with a program with respect to Burma, inform the U.K. of the proposed action, based on our belief that Burma's potential for defense against Communist subversion must be augmented. Express our hope that the U.K. will cooperate but make it clear that the U.S. feels obliged to proceed without further delay.

2. Acquaint the Burmese Government informally with the possibilities for procuring arms and military equipment available under prevailing Mutual Security legislation (Sections 106, 121, 401, 505), pointing out that the maximum possible grant aid should not exceed $20 million and that some guarantees respecting end use of such equipment would be required. Section 401 funds will be used only as a last resort, and such use will be subject to the approval of the OCB.

3. If the Burmese Government expresses interest, and asks to send a purchasing mission to the U.S. to negotiate under these conditions, be prepared to encourage and receive them.

4. The U.S. would screen the Burmese requests in the light of availability of items, utility thereof, and the proposed method of payment.

5. Inform the Burmese that the U.S. considers qualified military training and technical advisers to be essential to assist in the use of the matériel furnished. Such advisers might be made available on a direct contract basis, or under an expanded attaché section of the Embassy.

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[10] One Israeli officer and ten airmen recently arrived in Rangoon to advise and aid temporarily in the maintenance of 30 reconditioned Spitfires sold to Burma by Israel. [Footnote in the source text.]

No. 175

Editorial Note

On October 29, the General Assembly adopted, by a vote of 56 to none with no abstentions, with the Chinese Representative not participating, Resolution 815 (IX), which noted with satisfaction that nearly 7,000 persons had been evacuated from Burma, expressed appreciation to the United States and Thai Governments, declared again that the foreign forces remaining in Burma should submit to disarmament and internment, urged all states to prevent the furnishing of any assistance to them, and again invited Burma to report on the situation to the General Assembly as appropriate. For the record of the October 29 meeting, see U.N. document A/PV.496; the text of the resolution is printed in Department of State *Bulletin*, November 8, 1954, pages 710–711.

No. 176

890B.2317/11-1154: Telegram

The Secretary of State to the Embassy in Burma

SECRET WASHINGTON, November 11, 1954—3:03 p. m.

321. Pass Rivenburgh.[1] Our 287.[2] Burmese Ambassador called [at] his request on Assistant Secretary FE November 8 to advise US Government Burma's concern US sales surplus commodities under PL 480 may disrupt Burma's usual marketing rice. Outlined importance rice Burma's economy and its relation Burma's economic development plans. Was assured US has and will continue sympathetically take Burma's problem into account in distributing US surpluses under PL 480 and we striving not disrupt normal marketings South or Southeast Asia. At present we envisaged only small quantity Japan. Ambassador later specifically asked if India and Ceylon were included in South and Southeast Asia and was told US does not intend dispose PL 480 rice these countries. Secretary alluded paradox in that Burma, US and others have surplus food while on other hand Chinese Communists exported foodstuffs though millions Chinese starving as result flood. People other coun-

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[1] Dexter V. Rivenburgh of the Foreign Agricultural Service, Department of Agriculture, was in Rangoon to attend a U.N. Food and Agriculture Organization conference on rice.

[2] Telegram 287 to Rangoon, Oct. 27, reported that the Department was reviewing with interested agencies the reply to Kyaw Nyein's query on rice and U Nu's proposal. (890B.2317/10-2254)

tries also lack sufficient food. Secretary reiterated our sympathetic awareness Burma's problem and arranged keep Ambassador informed re current developments US programs.

Re your 317[3] and 322[4] existence US rice surpluses currently precludes US Government buying rice other countries. Burma's proposal would involve basic policy issue applicability other countries and commodities other than rice. Burmese should be given understand PL 480 program being administered so as not to unduly disrupt world prices agricultural commodities or materially impair trade relations among countries free world. You may so inform Burmese.

DULLES

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[3] Document 173.

[4] Telegram 322, Oct. 25, reported that U Nu reiterated at an Oct. 23 press conference his wish to exchange rice for U.S. aid. (790B.5 MSP/10-2554)

No. 177

790B.5 MSP/12-2354: Telegram

The Chargé in Burma (Acly) to the Department of State

SECRET RANGOON, December 23, 1954—5 p. m.

495. Re reimbursable and grant military aid proposal OCB file 41.[1]

Believe assurances[2] as cleared State best presented Kyaw Nyein as composite document including both old and new commitments. Believe should also include 511 (b) assurances and avoid any connection with former aid program for Mutual Security Act.

Expect opposition on point 6[3] regarding publicity which Burmese will interpret as effort induce public deviation from neutrality policy. Believe we should concentrate on basic purpose increase Burmese military strength and minimize secondary considerations that would jeopardize this objective.

Rock on which entire project could easily founder is requirement American advisers. Regardless explanation we may give Burmese will interpret this as effort infiltrate military establishment and thereby discredit our real objective. Army Attaché believes GUB will desire advisers but only on direct contract basis. Believes unwise suggest might be assigned attaché section Embassy. Financial consideration not important.

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[1] Document 174.

[2] A draft note specifying the assurances which the United States would require of Burma in order to provide reimbursable military assistance was enclosed, a draft letter from Sebald to Kyaw Nyein, undated and never sent, and a letter from Blancke to Acly, Nov. 30. (790B.5 MSP/11-3054)

[3] Point 6 provided that each government would take "appropriate steps, consistent with security, to inform its public of operations" under the proposed agreement.

Hope after question available funds settled we can be informed amount or at least ratio grant aid to purchases. Kyaw Nyein would be unable discuss subject with colleagues without giving concrete idea scope program in terms cost to GUB and what they get in return.

Present time especially unfortunate to raise the matter in view public assurances given CPR by Nu during recent visit that Burma will not entertain thought accepting aid or pursuing any course action in relation US which might cause concern to CPR. Implications military aid agreement with US whatever terms would raise doubts U Nu's good faith in making these assurances and render acceptance politically dangerous to GUB. Therefore, propose latter be held in abeyance until China visit less fresh in public mind.

ACLY

INDONESIA

UNITED STATES RELATIONS WITH INDONESIA; PROBLEMS CONCERNING UNITED STATES MILITARY AND ECONOMIC ASSISTANCE PROGRAMS; UNITED STATES EFFORTS TO MAINTAIN NEUTRALITY OVER THE QUESTION OF WESTERN NEW GUINEA (WEST IRIAN)[1]

No. 178

756D.5 MSP/1-452: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

CONFIDENTIAL
PRIORITY

DJAKARTA, January 4, 1952—3 p. m.

952. For State and ECA. With agreement Indo FonMin Subardjo, I handed him 11:30 today Emb note Nr. 182 dated Jan 4[2] in exact terms set forth Dept A-110 Nov 23[3] with fol exceptions:

(a) Point 3 of para 1 omitted.

(b) Words "economic and mil" removed from point 6 para 1.

(c) Sub-para of para 1 renumbered 1 to 5 inclusive after elimination original point 3.

(d) Para 4 reads as follows: "Govt of Indo considers that econ cooperation agreement between Govt of Indo and Govt US, signed Djakarta Oct 16, 1950,[4] has been and will continue to be binding obligation of Repub of Indo, according its terms, pending Parliament action."

Explained to FonMin he shld give me note prior Jan 8 indicating that provisions my note acceptable his govt. Will report promptly upon receipt thereof.

COCHRAN

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[1] For previous documentation, see *Foreign Relations*, 1951, vol. VI, Part 1, pp. 583 ff.

[2] For text, see Department of State Treaties and Other International Acts Series (TIAS) No. 2762 or *United States Treaties and Other International Agreements* (UST), vol. 4, p. 21. Achmad Subardjo was the Indonesian Foreign Minister.

[3] For text, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 729.

[4] This agreement is not printed; for text of a press release issued on the occasion of the signing of the agreement, see Department of State *Bulletin*, Oct. 30, 1950, p. 702.

No. 179

756D.5 MSP/1-752: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

CONFIDENTIAL
PRIORITY

DJAKARTA, January 7, 1952—2 p. m.

963. For State and ECA. When I handed FonMin Subardjo confidential note 182, Jan 4 (Embtel 952) he promised have note acceptance delivered me noon 5th.

At one p.m. 5th Hanifah and Musa of FonOff called on me. They had note addressed to me under date 5th accepting terms my note. It had not yet been signed, however, by Subardjo. They explained Subardjo had carried it to PriMin Sukiman[1] for approval noon 5th. PriMin had taken exception to expression "free world" at end subpara 3 of para 1 my note. They said PriMin afraid this wld cause him trouble with Parl when ratification Econ Coop Agreement on 16 Oct 1950 arises.

I reminded my callers I had submitted that note to FonMin Dec 11,[2] had discussed it many times with FonMin and repeatedly sought his reaction thereto. It was only on night 3d FonMin had told me agreeable to him I transmit in form I did on 4th. I argued against making at this late date any request of my govt to change expression question. I wld have been against such request at any time. I reminded my callers that mutual security arrangement was involved and they were now trying eliminate or weaken by substituting words "peace loving world" the phase which was really vital part of key para of document. I said I thought my govt was construing legis very broadly to consider Indo eligible for aid thereunder. I showed them the parts of para 1 original subparas 3 and 5, which I had eliminated to meet Subardjo's objections.[3] I showed how I had taken responsibility of substituting wording of para 4. I reminded them Indo Govt had not yet made move seek ratification of 16 Oct 1950 agreement.

Hanifah phoned PriMin from my home setting forth my objections to seeking authority from Dept to make suggested amendment. I refused Hanifah's request that I speak directly with PriMin. Finally Hanifah and Musa went to Subardjo, who in turn talked with PriMin. Musa called me back at 2:30 5th to say Subardjo had signed note as I had seen it and it wld be registered in FonOff and delivered to me morning 7th.

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[1] Sukiman Wirjosandjojo, Indonesian Prime Minister.

[2] See telegram 846 from Djakarta, Dec. 11, 1951, *Foreign Relations*, 1951, vol. VI, Part 1, p. 749.

[3] See airgram 110 to Djakarta, Nov. 23, 1951, *ibid.*, p. 729.

FonOff confidential note 1155/55R dated Jan 5[4] reached me 10 a.m. 7th. It begins as fols: "I have honor to acknowledge receipt of Your Excellency's note dated Jan 4, 1952 No. 182, which reads in substance as fols:" Thereafter it quotes verbatim my note of fourth beginning, "I have the honor" and ending "pending Parl action". FonOff note thereafter reads: "In this connection I have the pleasure to state that the foregoing provisions are acceptable to the Govt of Indo.

Further, my govt agree to the proposal of the Govt of the United States of Amer that Your Excellency's note partly quoted above and my reply thereto will constitute an agreement between the two govts, on this subj which shall enter into force on the date of this note".

Appropriate copies of both notes will be forwarded.

Deptel 701[5] reached me 4 p.m. 5th after Musa had informed me of Subardjo signing above note. Dept appears reluctantly to concede my wording of para four acceptable. To have used Dept's preferred draft para four as set forth A-110 was impossible since contrary to fact. I chose to use wording which Indo Govt had given in its note of 27 Oct 1951,[6] and which my govt had then accepted, since I thought this closely approached alternative wording of A-110 "Govt of Indo considers aforementioned Econ Coop Agreement fully effective". I did not feel I cld safely use final alternative suggested by A-110 involving notice from Indo Govt "re either ratification or lack of necessity for ratification very shortly after beginning calendar year 1952".

Govt has held that ratification necessary. Indo Parl has been in recess since 2 Dec and reconvenes only today Jan 7. I have strongly urged Indo Govt seek ratification soon as possible after Parl assembles and will not fail to press therefor. With Djuanda, Darmawan, Darmasetiawan and Zain,[7] leading officials conversant with econ agreement, absent from Indo and not due back until after middle of month, it wld not be wise to try for ratification in their absence. Govt has no authority given written undertaking as to date by which Parl will take any specific action. I wld ask furthermore that wording present exchange of notes be not published unless and until obligatory as this might seriously prejudice chances of govt to obtain ratification original agreement.

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[4] For text, see TIAS No. 2762; printed in 4 UST 23.

[5] Dated Jan. 4; it reads as follows:

"Re Embtel 952 Jan. 4. Language para 4 (Item D) acceptable but since assurance no better than that previously given Emb shld continue efforts obtain assurance requested A-110 regarding ratification.

"Shld it appear Indo may delay and exchange satisfactory notes by Jan 8 unlikely pls advise." (756D.5 MSP/1-452)

[6] For text of this note, see telegram 660 from Djakarta, *Foreign Relations*, 1951, vol. VI, Part 1, p. 722.

[7] Minister of Communications, Director-General of the Ministry of Trade and Industry, Secretary-General of the Foreign Ministry, and Chief of the Economic Section of the Foreign Ministry, respectively.

COCHRAN

No. 180

756D.5 MAP/1–752: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET
PRIORITY

WASHINGTON, January 8, 1952—7:09 p. m.

709. For Cochran. You are highly commended for having obtained Indo Govt acceptance Sec 511-a of MSA[1] (urtel 963 Jan 7) by Jan 8 deadline and in face Indo acute and continuously jealous regard for its policy of independence. Dept considers that by your action you have been responsible for persuading Indo Govt to take additional step toward alignment with West.

In accordance your request US Govt will not publish wording exchange of notes unless and until legally obligatory. US Govt furthermore will give no specific publicity to Indo acceptance MSA unless and until desired by Emb and MSA Djakarta. This of course can not preclude inclusion Indo in published lists countries giving required MSA assurances, particularly since report must be made to Cong shortly.

ACHESON

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[1] Reference is to the Mutual Security Act of 1951, approved Oct. 10, 1951. (65 Stat. 373) Acceptance of the terms of section 511(a) of the Act was necessary to qualify a country for U.S. military aid. Acceptance of the terms of section 511(b) would qualify a country for U.S. economic and technical assistance.

Telegram 707 to Djakarta, Jan. 7, authorized Ambassador Cochran to urge the Indonesian Government to accept 511(b) if he was satisfied that 511(a) would be unacceptable, but this message was sent just prior to the receipt of telegram 963 reporting the successful conclusion of the negotiations on 511(a). (756D.5 MSP/1–752)

No. 181

756C.022/1-2552: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET
PRIORITY

WASHINGTON, January 25, 1952—12:32 p. m.

775. Eyes alone for Amb Cochran from Secy. I am concerned at the serious results which wld flow from any further hardening of the Indonesian attitude toward the New Guinea question. You will recall they asked us to use our influence with the Dutch to keep the negots at The Hague going on this subj[1] without reference to the Indonesian seizure of arms shipments on the way from Holland to New Guinea. As it happens, the Dutch had already decided to go ahead with The Hague talks and to try to work out something about the seizure of arms shipments separately through dipl channels. I think it is important that Indonesians fully understand that Dutch arrived at this decision without any pressure from us.[2]

I think it is perhaps more important that Indonesians fully understand our position in this whole matter. You will remember that position of Dutch and Indonesians tended to harden on New Guinea issue as long ago as Spring of 1950. Since that time, this govt has given no support to specific proposals of either party for settlement. We have until now taken the stand that the future status of western New Guinea shld be determined through direct negots between Dutch and Indonesians. That is why we were willing to ask Dutch to continue current talks at The Hague. It shld not be gathered from this, however, that our asking Dutch to continue those talks means that we were supporting Indonesians. On the contrary, I do not see how it will be possible for us now or in the future to support the present position of either side on this issue.

There is no prospect whatever that present Dutch Govt can or wld agree to a transfer of sovereignty over Western New Guinea to Indonesia. There are many internal reasons for this with which you are familiar and, as you know, they feel they can rely heavily on Austral support. Gen elections in Holland will occur at the end of June. It may be that the new Govt can arrive at some satisfactory solution with Indonesians. But I have doubts whether they can do this alone. For they are not alone. The Australians are very much present. If matters are allowed to drift too long, we see the seeds of an impasse of the Iranian and Egyptian order forming. We are at work and shall urgently continue to work on formulating possible compromises based upon such safeguarding as is possible of the basic interests of Indonesia, the Netherlands, and Australia. It is not a simple task.

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[1] Discussions took place at The Hague from Jan. 15 to Mar. 1, 1952 between representatives of Indonesia and the Netherlands on the questions of revision of the Netherlands-Indonesian Union and the future status of Netherlands New Guinea (West Irian). No final agreements were reached during these discussions which were terminated by the departure of the Indonesian Delegation subsequent to the fall of the Indonesian Cabinet.

[2] The Netherlands Government made the decision to continue with the talks prior to its receipt of a statement from U.S. Chargé William Trimble that the U.S. Government strongly favored such a continuation. (656.56D/1-752; 656.56D/1-952)

But at present, for reasons mentioned above, no solution seems possible. Therefore, the fundamental U.S. interest is to keep the disagreement from becoming blown up, to prevent a breach, to help reach such agreements on the union as can be reached, leaving the door open for future talks.

For this purpose our present line of saying merely that the Dutch and Indonesians shld work out a solution is not adequate. They cannot do it *now*. Talks on this subj between them can last only so long at one time. Panmunjom is no model for this situation.

So we must try our best to give Indonesians wise guidance as we try to give it to Dutch. In this case, it means trying to get them to consider not only their domestic polit problems but the facts of life. Surely they have to pursue actively their objective, the NNG sovereignty. But they do not have to, and shld not, pull the house down around their ears like Salaheddin[3] or Mossadegh,[4] all to no purpose. It will not accomplish their purpose. It will assure its defeat, with tragic consequences. Dutch cannot agree now to a solution. Australians will react strongly to anything like the pattern followed in Palestine, Iran and Egypt.

On the other hand, persistence and moderation on the part of Indonesians will, I think, bring relieved cooperation from Dutch and Australians in the measurable future.

This is the direction along which our deepest interest urge that we shld guide them. It is no objection that to do so may put some strain upon their regard for us. We prize and must retain that regard. But its possession entails the responsibility to use it for our true and deepest mutual interests.

What I am asking you to do is a job which will be at least as hard to get done as the job you did for us on the Japanese Treaty. I am confident that you can handle this one just as well. As you have so often observed they are a new nation and in need of sound advice. I believe they will accept your good guidance on this issue, and I will support and help you in every way I can with them. It is vital to us that this issue does not explode.

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[3] Former Egyptian Minister of the Interior and of Finance.

[4] Prime Minister of Iran.

We want any views you have on a substantive solution which would recognize Dutch, Indonesian and Australian interests and give hope of gaining acceptance of the three. In the meanwhile, of course, you shld say nothing about the possibility of any U.S.-suggested solution.

ACHESON

No. 182

656.56D/1-3152: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET
PRIORITY

DJAKARTA, January 31, 1952—5 p. m.

1095. Eyes alone for Secretary from Ambassador. Called on Foreign Minister Subardjo 29th. He raised question Netherlands relations. He expressed concern lest Netherlands delegate give such definite rebuff to Indonesian delegation Hague on NNG issue Indonesian Govt would decide recall Indonesian delegation and Parliament then proceed with unilateral abrogation Union Statute. In answer my question Subardjo said he thought majority Cabinet would favor unilateral action in such circumstances. Subardjo said he had always opposed unilateral action and had taken course he thought most likely avoid it namely entering conversations with Netherlands Govt at Hague. He still thinks right in making this attempt. If this attempt fails, however, he fears his people might "run amuck". He said his govt could look to no one but US for assistance.

I said my govt did not favor unilateral abrogation of international engagements. I warned against examples of Iran and Egypt. I suggested possibility strong reprisals from Netherlands. I said costly confusion could result.

Again Subardjo said his government had never wanted unilateral action but pressure had now become so strong government would not be able resist it if obliged call Supomo[1] completely defeated on NNG issue. When I reminded him breaking union would not solve NNG question, he admitted this but said already active movement in favor setting up "government in exile" for province or state Irian on Java itself.

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[1] Head of the Indonesian Delegation to the bilateral discussions taking place at The Hague.

I told Foreign Minister my government always hoped amicable solution NNG could be achieved through direct conversations and favored such discussions. My government had recently transmitted to Netherlands Government message which Indonesian Government had given me when it appeared conversations might not be started at Hague because of Netherlands insistence on intermixing question arms seizures. US had shown complete willingness use its good offices this manner, but Netherlands Cabinet had taken decision to be [continue?] conversations on Indonesian terms before US intervention took place. I said Indonesians should know by this time there is no prospect of Netherlands Government agreeing prior June elections to transfer sovereignty over NNG.

Subardjo hoped it might still be possible for Netherlands delegate come forward with some proposal which would leave Indonesian delegation in position to report outlook for hopeful results in a later conference. I said I had not yet seen any evidence on side either Indonesia or Netherlands to be willing compromise on NNG issue. I told Subardjo if he had any ideas whatever on this subject I would be glad discuss them with him and see if I could make anything out of them. When I mentioned trusteeship of some sort he said his country would not accept.

While we are seeking some way out, I feel it essential Department bring home to Netherlands and Australian Governments seriousness of consequences Subardjo and I think might result from complete breakdown negotiations.

Both sides firmly entrenched. Both sides virtually requesting US open support.

While Netherlands may be reconciled to dissolution Union, it should be earnestly concerned lest this be accomplished in circumstances that would endanger continuing economic interests.

Indonesian Government on its side concerned lest unilateral action would bring international criticism of new states so deeply indebted to UN for its sovereignty and so anxious to reach position importance in world affairs. At same time Indonesians would oppose any compromise which smacked of yielding to colonial authority and of perpetuating western influence on their new state. They can become quite fanatic on this subject.

US not likely be able influence Indonesia against unilateral abrogation unless US in position promise Indonesia hopeful outcome NNG. Statements Netherlands and Australian leaders as they now stand rule out such possibility foreseeable future.

Parties obviously cannot settle their difficulties by direct bilateral negotiations. They might both be relieved to have outside force take over some responsibility.

What would Dept think of encouraging Netherlands Government now come out with offer abide by decision any international body parties might decide upon to adjudicate NNG once Union question settled by direct negotiations?

Had just completed foregoing paragraphs when called to Foreign Office this noon by Subardjo. Am not changing above since it provides background for following:

Foreign Minister said Supomo had reported no progress on NNG, outlook hopeful on Union negotiations, and some possibility Netherlands might be willing delay action on constitutional amendment on Irian until after Netherlands elections. Subardjo anxious avoid deadlock and asked if I could submit any "formula" to prevent it.

I asked Foreign Minister how he would look upon arrangement whereunder: (1) Irian question would remain on Hague agenda; (2) Netherlands would agree suspend Parliament action on amending constitution on Irian pending elections; (3) delegations would proceed with revision Union; and (4) two parties would agree that if they could not by direct bilateral negotiations reach agreement within fixed period time, say one or two months, after concluding revision Union, they would submit Irian question to international body to be selected jointly by two parties, and they would pledge themselves to abide by decision of that body with respect Irian.

Subardjo and his general adviser, Hanifah, who was present, indicated interest. Foreign Minister said he would sound out Cabinet colleagues and let me hear. I asked whether it would be easier for Indos present above proposal or for it to come from Netherlands delegate if my government might see fit pass suggestions to Netherlands Government and latter accepted it. Subardjo said he would also get Cabinet's opinion on this point.

I made clear that my "formula" was purely personal and unofficial and advanced upon request.

Will report promptly any developments. This message should not, of course, be repeated Hague or elsewhere.

COCHRAN

No. 183

756C.022/1-2552

Memorandum by the Deputy Assistant Secretary of State for European Affairs (Bonbright) to the Deputy Under Secretary of State (Matthews)[1]

TOP SECRET WASHINGTON, February 4, 1952.

Subject: Hague Discussions Regarding New Guinea.

The following is in response to a suggestion from Mr. Nolting.[2]

On January 29 Ambassador Cochran advanced a personal formula to the Indonesian Foreign Minister whereunder (1) the New Guinea question would remain on The Hague agenda; (2) the Netherlands would agree to suspend Parliamentary action on amending the Netherlands Constitution on New Guinea pending elections; (3) the two Delegations now meeting at The Hague would proceed with negotiating the revision of the Netherlands-Indonesian Union; and (4) the two parties would agree that if they could not by bilateral negotiations reach agreement on New Guinea within a fixed period of time after concluding the revision of the Union, they would submit the New Guinea question to an international body to be selected jointly by the two parties and would pledge themselves to abide by the decision of that body regarding New Guinea.

Judging from The Hague's telegram 791 of February 1,[3] it looks as if the Dutch may already have gone a long way toward meeting three of Ambassador Cochran's four-point formula without any prodding from us. The Embassy has been informed that at a special session of the Netherlands Cabinet on January 31 it was decided that if the Indonesian Delegation wished to continue talks regarding New Guinea, the Indonesian Government, on its own initiative, may refer the specific issue of sovereignty over New Guinea to an international law body. Meanwhile, during the time the dispute over sovereignty of New Guinea is being handled by a court, the Dutch would be agreeable to continue talks on other political problems relating to New Guinea.

The Netherlands Foreign Office has pointed out that the Cabinet's proposal avoided mentioning either the Union Court of Arbitration or the International Court of Justice because, if arbitration is agreeable to the Indonesians, the specific body can be worked out between the two Governments. Parenthetically, I may say it seems to us the Foreign Office view may be somewhat on the optimistic side regarding the ease with which agreement could be worked out between the two Governments regarding a specific body.

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[1] Drafted by Joseph W. Scott, Officer in Charge of Swiss and Benelux Affairs.

[2] Frederick E. Nolting, Special Assistant to Matthews.

[3] Not printed.

The above Dutch proposals do not meet Ambassador Cochran's second point regarding suspension of Parliamentary action to amend the Netherlands Constitution on the New Guinea question pending elections this Spring. It is clear, however, that Netherlands Parliamentary action to amend the Netherlands Constitution on this matter in no way will affect the ultimate disposition of sovereignty over New Guinea and the Netherlands willingness tc submit the question of sovereignty to an international law body should be sufficient evidence of this for the Indonesians.

At this juncture it is important to emphasize that the Dutch have indicated their willingness to submit the question of sovereignty over New Guinea to international adjudication or arbitration without any urging from us. It is in our interest, I believe, that we continue as long as may be possible to avoid utilizing our influence with the Dutch on the New Guinea issue so as to reserve that influence for other purposes relating to Dutch participation in European affairs.[4]

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[4] On the same day, Lacy commented on this memorandum in the following memorandum to Allison:

"Mr. Coerr and I have changed our minds about the desirability of recommending a positive course of action to the Secretary now in the matter of New Guinea. We believe it best to do nothing at this moment; this position we adopt because of (a) Cochran's No. 1107, February 2 [not printed] from which it seems clear to us that any further efforts on Cochran's part to persuade the Indonesians to accept what is now a Dutch proposal will be unproductive, or worse, and (b) the considerations which Jo Scott has embodied in the memorandum which he has prepared for Mr. Bonbright to send to Mr. Matthews (copy attached). We hope you agree." (656.56D/2-452)

On the file copy of Lacy's memorandum appears Allison's notation: "OK. JA."

No. 184

756D.5 MSP/2-1152: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

CONFIDENTIAL DJAKARTA, February 11, 1952—5 p. m.
PRIORITY

1165. Called on FonMin Subardjo 8 a. m. today. He told me of PIR demand for his resignation (Embtel 1161).[1] As authorized by para 2 Deptel 856, I told Subardjo that interpretative note explaining relevant portion text MSA note as meaning "defensive strength of free independent nations" wld be acceptable.[2] I talked against any alternatives. Subardjo said he was to see Pres Sukarno 6 p. m. today. He was still worried over charge by Minister Defense[3] that mil officers from my staff had discussed agreement. He asked I cld give him letter to use with cabinet.

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[1] The PIR demand was reported in the Indonesian press. Telegram 1161 also mentioned a number of other articles critical of the Indonesian Government, particularly the Foreign Minister, for acceptance of the terms of the Mutual Security Agreement with the United States. (756D.5 MSP/2-1152)

FonMin phoned at 1:15 p. m. and asked I see him 3 p. m. Djuanda came to my house 2 p. m. his request. I showed him letter I planned give Subardjo which reads as fols:

> "May I refer to our conversation in which you inquired as to purpose of visit made few days ago by two mil officers from Emb staff upon Min Defense. You particularly asked whether these officers may have been under instructions to discuss developments with respect to requirement by my govt of assurances from those fon govts which may be given aid under MSA Act 1951.
>
> I am pleased to give you fol facts. On Jan. 30, Lt. Cols. Beach and Nestlerode of mil staff came to see me. Lt. Col. Nestlerode had arrived from US only few days previously to relieve Col. Beach, who terminated his tour of duty and departed for US on Feb. 9. Col. Beach showed me msg from his Hqs in Washington re an application for issuance of commercial license for export of considerable number truck tires to Indo for Indo Min Defense. US Dept of Army requested confirmation as to need for such tires. This was purely routine matter.
>
> I phoned Secy Gen Ali Budiardjo of Min Defense and told him of msg I had recd. I asked with whom my officers shld get in touch. He gave me name of a Mr. Idam (or Idham), in his ministry, who, Dr. Budiardjo said had been in US in 1951 in regard to purchase of tires, and was entirely familiar with question. This info was passed on by me to Cols Beach and Nestlerode.
>
> Col. Nestlerode informs me that he and Col. Beach were recd by Mr. Idam, in presence of a mil officer, on Jan. 31. He states they obtained info necessary to reply telegraphically to inquiry of Dept of Army in Wash. Neither Col. Beach nor Col. Nestlerode was familiar with negots which have been taking place between your min and my Emb on matter of assurances under Mutual Security Act of 1951, and neither cld have discussed this question with authority. I

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[2] Telegram 856 to Djakarta, Feb. 9, authorized Cochran to inform the Indonesian Government of the acceptability of the quoted phrase. (756D.5 MSP/2-952) At issue here was the language used in the Indonesian note of Jan. 4, 1952 (4 UST 21), the pertinent portion of which reads:

"1. The Government of Indonesia hereby confirms that it has agreed to . . .

"(3) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world."

Telegram 856 stated that the wording "of the free and independent nations" was much less desirable than "of the free world", which phrase had been required of other countries asking for modifications.

[3] Sewaka.

am informed by Col. Nestlerode that question where obtain army truck tires most expeditiously arose, and the Amer officers pointed out advantages of working through mil rather than commercial channels.

As you aware, there have been occasional conversations between ourselves, and between other reps of our govts, over past two years as to manner in which Indo might procure mil equipment from US, on reimbursable basis. This question came up long before passage of Mutual Security Act of 1951. Your govt has been given pertinent info on this subj from time to time, and as conditions and rules have changed. Mil officers on my staff realize, and have consistently informed Indo officers who have approached them, that any overall arrangements for procurement of mil equipment on reimbursable basis are left to our respective FonOffs and Embs, and that officers in question can only be of assistance in working out technical details within framework of any agreements that may be consummated at top level.

I assure you that my Emb is ready to be of any possible and appropriate service that your Govt may request in its efforts to achieve stability and security. In accordance with internal practice Emb deals directly with your FonOff when overall arrangement to meet Indos needs and requests are undertaken."

Djuanda thought this wld help explain Subardjo's position but feared it wld not be sufficient check polit attacks against govt which may possibly result in its overthrow. He said Roem had come to him Sat afternoon[4] to sound him out on prospects for Cabinet which Hatta[5] wld advocate to be headed by Sultan Jogja. Roem intimated both Natsir[6] and Sjahrir[7] wld work with such org. Djuanda said he had been cautious in responding to Roem not knowing what all might be involved. He expressed conviction to Roem, however, that such cabinet wld be too strongly under influence Socialists. Djuanda said understood Masjumi Party leaders met Sunday night and decided take same position as PIR with respect Subardjo (if Masjumi and PIR both refuse support Subardjo in Cabinet, this means also Sukiman wld have to go since PriMin let it be known he had been cognizant of Subardjo's negots and had approved them). Djuanda states this crisis is purely one of internal politics maneuvered principally by Socialists. He pointed out that Idam mentioned in my letter is one of Sjahrir's closest associates.

Djuanda said he also thought he shld tell me that on Saturday night Makatita, who is one of Darmawan's assistants on coordinating committee for foreign aid, came to his house. Djuanda said Makatita told him Hayes of ECA[8] had let him know it was not necessary for Indo to give assurances under 511 a to have econ aid, assurances under 511 b sufficing therefor. Djuanda said this was very dangerous since it played directly into hands enemies of govt. He asked if I had explained to Hayes that there had been a confidential agreement on police equipment.[9] I told him I had explained this carefully to Hayes and I added that if Indo shld now want to choose 511 b assurances and question of paying for balance of police equipment arises it wld be inevitable that arrangements I made with Hatta wld come to debate. I asked Djuanda if Hayes' talk with Makatita had been recent. He said he definitely gained impression it had been quite recent.

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[4] Feb. 9. Mohammad Roem, Indonesian Minister Without Portfolio.

[5] Mohammad Hatta, Vice President of Indonesia.

[6] Mohammad Natsir, former Prime Minister of Indonesia and a leader of the Masjumi Party.

[7] Soetan Sjahrir, former Prime Minister of Indonesia and a founder and leader of the Socialist Party of Indonesia (PSI).

I told Djuanda I naturally wanted to help Indo retain all present assistance that it may really desire, and also be eligible for mil aid of any kind in any future emergency, without necessity arising later for hurried debate and possible difficulties in achieving new agreement. Recd by Subardjo 3 p. m. He told me had been questioned during forenoon by PNI leaders, was to be questioned by Masjumi leaders at 5 p. m., and then go to Sukarno at 6 p. m. I gave him letter above quoted. He thought this very explicit and shld be helpful. I told him I did not see what more I cld do at this juncture. He agreed I shld make no public statement on subject of issue between Indo polit factions. I said both he and I had realized throughout negots desirability of having agreement which wld permit mil aid. We also realized that there wld be certain polit repercussions whenever agreement terms announced. I hoped idea or explanatory note and utilization my letter might enable govt overcome objections.

Subardjo said PNI leaders had asked if India, Pakistan and Burma, had signed MSA agreements. I replied in affirmative, but said, I did not have text thereof. He explained that text of assurances he had given me had not been transmitted by me to other missions. I warned him against any statement that those countries had agreed to 511 a assurances.

Subardjo told me PNI were inclined to interpret para 3 of para 1[10] to mean Indo cld not export certain goods to other areas and cld be forced by US to contribute all products to US. I told him he shld not mix Battle Act[11] and UN embargo[12] undertaking with present matter. I told him FonOff note of Jan 23, constituting statement of Indo Govt on export strategic materials to countries of Sov bloc (Embtel 1054)[13] had not yet to best my knowledge been approved by Dept as satisfying requirements of Battle Act. I thought unfavorable repercussions might follow if Indo Govt now attempted quote that note to convince critics govt not giving all assurances required under Mutual Security Act. I endeavored discourage him from attempting also to include in note of interpretation Indo govt understanding of meaning of "make consistent with its polit and econ stability the full contribution permitted by its manpower, resources, facilities and general econ condition".

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[8] Samuel P. Hayes, Chief of the ECA Mission in Indonesia.

[9] For text of the agreement for a program of military assistance in the form of constabulary equipment to be supplied by the United States to the Republic of Indonesia, Aug. 15, 1950, see TIAS No. 2306, printed in 2 UST 1619.

[10] Quoted in footnote 2, above.

I told Subardjo I wld explain situation fully to Pres Sukarno. I said I was convinced as ever that FonMin and I had both worked conscientiously toward getting Indo most advantageous arrangement possible.

COCHRAN

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[11] Reference is to the Mutual Defense Assistance Control Act of 1951, approved Oct. 26, 1951; 65 Stat. 644. The Battle Act called for termination of U.S. aid to countries engaging in trade involving strategic materials with Communist countries.

[12] Reference is to the U.N. economic sanctions against North Korea and the People's Republic of China.

[13] Dated Jan. 23, telegram 1054 forwarded the text of the Indonesian note, which stated that the Indonesian Government did not deem it worthwhile to stop the export of so-called strategic materials which were being sent to some Communist countries in very small quantities. (460.56D9/1-2352)

No. 185

756C.00/2-1252: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

CONFIDENTIAL DJAKARTA, February 12, 1952—11 a. m.
PRIORITY

1168. Hayes came to see me 5 p. m., 11th. Asked if Indo Govt had requested release from certain MSA assurances. I asked in turn if he had talked recently with any Indo Govt official in regard necessity Indo complying only with para 511 (b) Mutual Security Act in order remain eligible for econ aid.

Hayes said Marmora (from North Amer Desk in FonOff) had come to his office Friday morn 8th with excuse he had been obliged give up his copy of act, and wanted Hayes explain certain provisions from his own copy. Hayes said he did go over certain provisions of act, with copy before them, and explained *inter alia* how econ aid cld be given if only 511 (b) assurances provided.

I reminded Hayes I had been most unhappy on Jan 29 to learn from him that Hawkins[1] had given copy of act to press correspondent along with an interview, the two of which provided basis for much of attack against govt. I said this had been in violation my request made several weeks before that ECA shld observe strict moratorium on publicity while I had several negots under way. I reminded him further that on Feb 5 he had expressed to me his concern lest assurances I had obtained might embarrass govt. I said I recalled he had argued then, as he had many times previously with me, in favor of our asking Indo only for 511 (b) assurances.

I had beseeched Hayes leave matter of negotiation to my judgment. I had said any initiative for weaker assurances wld have to come from Indos. I had reminded Hayes that if we had only 511 (b) assurances it wld be necessary Indo pay on portion yet to be delivered of assistance granted mobile constabulary. I told him top secretly our Mil Attachés had been approached frequently and feverishly past few weeks by officers of Indo Armed Services almost begging for some arrangement that wld provide them with much needed ammunition and arms in their difficult campaign against insurrectionists Central Java and renegades and religious fanatics West Java. I had told him I thought we were right in these circumstances in doing best to get agreement accepted by Indo Govt which wld not oblige raising of question re original police equip agreement, and wld permit any type of mil aid being given in future emergency. I was aware 511 (a) assurances not requisite to reimbursable aid. At same time, I knew certain undertakings wld be required for reimbursable aid which Indo Govts in past have been reluctant to give.

Above all, I reminded Hayes I had told him, when I was so struck with his insistence on 511 (b), that if I heard of anyone on US Govt payroll in Indo advising or suggesting or in any way contributing to thinking of Indo Govt toward seeking release from assurances which I had obtained, I wld ask that person's immediate withdrawal from Indo. I told him his statement to Marmora had now come back to me in manner which indicated his expression on this contentious issue had contributed to strengthening of opposition to govt and consequently might be contributing also to fall of Sukiman govt. Hayes ridiculed idea this cld be true. He admitted Marmora had visited him just prior to going to mtg of Coordinating Comite for foreign aid on Friday. Makatita (close friend of Sumitro[2]) cld have obtained his info there (see Embtel 1165).[3] Again

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[1] Everett D. Hawkins, Program Planning Officer, ECA Mission in Indonesia.

[2] Sumitro Djojohadikusumo, former Minister of Trade and Industry and a member of the PSI.

[3] *Supra.*

Hayes defended his right to answer questions with respect to act of Congress under which his office operating. I told him I had tried repeatedly impress upon him I was responsible for negotiation and any explanations thereunder.

I recalled I had most positively requested him and others on staff leave any pertinent negots to me, to refer anyone wanting know Indo position to Indo Govt, and to let Washington decide any final issues. I had furthermore instructed him and others on my staff, incl USIS, to make no copies of act avail to anyone in present crisis. I explained Indo Govt had been duly provided therewith. I said readers of act not familiar with agreement which Subardjo and I had negotiated wld not know Indo Govt had in such agreement been released from most objectionable provisions thereof, from Indo viewpoint. We shld not, however, anticipate Indo official explanations by ourselves telling this to anyone.

COCHRAN

No. 186

756C.00/2-152 Telegram

The Secretary of State to the Embassy in Indonesia[1]

SECRET
PRIORITY

WASHINGTON, February 12, 1952—1:32 p. m.

865. Ref Hague tel 791 Feb 1 rptd info Djakarta 43.[2] Dept encouraged by decision taken by Neth Cabinet Jan 31 to effect that Indos may, if they wish, refer specific issue of sovereignty NNG to an internatl law body and by further decision that if this is done, Neth Govt wld be agreeable continuation discussions other polit problems relating NNG while sovereignty is before court.

Far as we are aware this is first time either party, on its own initiative has officially proposed reference this issue to internatl body for settlement. It thus appears to us that Neth suggestion re arbitration holds some promise of achieving solution sovereignty issue, or at least of shifting disagreement to new grounds and thus postponing threatened crisis.

We shld think that Neth initiative this instance cld be adroitly exploited so as to lead Indos toward acceptance idea internatl arbitration. Inform FonOff orally Dept thinks reference sovereignty issue to internatl law body a constructive idea which holds promise contribute solution NNG problem provided such referral supported by both disputants.[3]

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[1] Repeated to The Hague as telegram 1026.

[2] See Document 183.

ACHESON

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[3] In a conversation of Feb. 6 between Allison and the Netherlands Ambassador, Allison asked what the Netherlands would do in the event an international body found in favor of Indonesia on the New Guinea question. The Ambassador replied that such an eventuality was legally impossible. (Telegram 847 to Djakarta, Feb. 8; 756C.00/2-852)

No. 187

756D.5 MSP/2-1252: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET NIACT DJAKARTA, February 12, 1952—4 p. m.

1174. Djuanda dropped by 8 a. m. today. Said special Cabinet mtg called for 9 a. m. to prepare new instrs for Yamin returning Hague, and to discuss MSA question. I reviewed with Djuanda my conversations of yesterday with Subardjo (Embtel 1165)[1] and discussed lines on which Djuanda cld most helpfully support Subardjo in Cabinet.

Recd 10 a. m. by Pres Sukarno, his request. He said Sukiman govt in trouble. Said this came in part from technical error of Subardjo in not consulting other members Cabinet particularly Defense Min Sewaka, and from Indo concern over Amer policy towards Indo.

I reviewed negots with Subardjo up to and incl delivery of ltr explaining visit of my mil officers to Ministry Def. Sukarno said Subardjo had shown him this yesterday eve. I told Pres I had taken up matter MSA assurances early in Dec and had only obtained action thereon shortly before deadline. I said my dealings had been directly with FonMin. I was aware he had consulted PriMin but did not know to what extent other Cabinet Ministers had been informed. I thought most unfortunate Subardjo shld now become victim internal polit attack. I said I had indicated willingness my govt make sufficient concessions in exchange of notes to meet reasonably Indo special position.

Pres then said great suspicion in Indo of Amer policy toward Indo. I said I was deeply conscious sentiment in Indo and had been unable thru my own efforts rectify it. I said I had frequently thought of various measures to suggest to my govt or to take on my own initiative. Among latter were speeches that might be made by myself or members my organization. Appreciating Indo's tendency to doubt anything, however, that might smack of propaganda, I had refrained from public addresses. I thought Amer foreign policies made amply clear to world thru statements Pres, Secy State, USIS bulletins, etc.

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[1] Document 184.

Sukarno insisted something shld be done to improve relations. I reminded Pres this was birthday great Amer for whom he professed admiration. I thought on this anniversary of Lincoln we shld be very honest with each other. I said that since my return to Indo as first Amer Amb I had never heard one friendly reference in statement by any official of Indo Govt towards USA, which had been so importantly responsible for Indo achieving sovereignty and which had been one nation take leadership in aiding young sovereign state. I said I thought relations cld be much improved if one such statement cld now be made.

Pres said he cld name "weapon" which cld be used effectively against all misunderstanding. I said I assumed he meant public statement by US Govt favoring Indo position on Irian. He said that was it exactly. I said he shld know by reports from his dipl officers abroad and from his own FonMin that I have been criticized by more than one govt close to that of US for allegedly assuming unneutral attitude on Irian question and for inciting Indo to press claim therefor. I said this cld easily become matter of concern to my govt. I said I cld not go beyond certain line without violating responsibility imposed on me and without destroying trust in my judgment on part superior officers in Washington. Pres said he and Indo Govt entirely cognizant and most appreciative of friendship and support I have extended Indo from my first arrival. He said fault was, however, lack of clear official Amer policy toward Indo.

I said I hoped I cld clarify this a little by a few frank statements. I said we were appreciative of Indo desire to follow independent policy and we try in every way respect Indo position. I recalled, however, that my country had also become independent long before Indo. In my independent country Congress had right to determine how our tax payers' money shld be spent and what conditions shld be prescribed therefor. I said we did not oblige or insist that anyone accept our aid. I said there were many demands thereon by our Allies in addition to keeping our own heavy program of production and defensive effort going. I said it wld be most unclear to my govt if in turn for support we have consistently given new Repub we shld be suspected of endeavoring undermine Indo's independence. I said I had never once approached Indo Govt on question bases or Mutual Security Pact. I said my govt understood any initiation on Mutual Defense Pact must come from Indo side alone.

I recalled visit of Melby mission.[2] I said Pres himself had realized then great opportunity afforded Indo acquire sorely needed material. I recalled Pres had expressed to me his keen regret Natsir govt had not had temerity accept mil aid program. I said I aware now of actual needs Indo for foreign equip. With this knowledge I had worked with Subardjo toward getting assurances which wld permit any kind of aid. I thought it wld be ridiculous if Indo shld now think of withdrawing from those assurances in favor those under 511 (b) of MSA Act which wld cover only econ matters. I mentioned particularly embarrassment might come to Hatta and others if Indo wld now forfeit mil constabulary aid and details have to be made public of pact which Hatta and I consummated. Again I insisted that decision as to whether Indo wants any type Amer aid must rest entirely with Indo Govt.

I told Pres I regretted exceedingly FonMin Subardjo shld be suspected and maligned for consummating arrangement with me which was intended be mutually beneficial. I was sorry this country seemingly reluctant recognize any mutuality of interests. I said I had given much thought to what action I shld take if Subardjo shld be repudiated. I said I had returned to Indo last fall at my own request with purpose serving here long as I cld be helpful to Indo well as my own country. I said I had not to date met with success in protecting interests Amer private investors here. I said my motives in seeking mutual security assurances had been questioned. I said furthermore he appeared dissatisfied because failure my govt to go as far in support this position on NNG as he desired. I said in circumstances there is serious doubt whether I am serving either country satisfactorily by remaining here.

Sukarno said I had used strong words in our conversation. He wanted me to know how serious "hurt" wld be to Indo if my govt shld withdraw me. I said I did not know that this issue wld arise, but that while I am here only way he and I cld work together wld be thru frank exchange of views such as we had just had, with each recognizing that other represents truly sovereign and independent state.

Pres said he was next receiving Hatta. Asked if I wld be willing talk with Sewaka or other PIR Mins. I said I cld not properly appear before Cabinet but that if anyone in his govt wanted call at my home I wld be glad discuss frankly issue presently under consideration.[3]

COCHRAN

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[2] For documentation, see *Foreign Relations*, 1950, vol. vi, pp. 155 ff.

[3] In telegram 1175, Ambassador Cochran reported on the following conversation held later on Feb. 12:

Continued

No. 188

Editorial Note

For texts of NSC 124, February 13, and NSC 124/2, June 25, dealing with Southeast Asia and containing sections on Indonesia, see Part 1, pages 45 and 125.

"Djuanda came 3 p. m. Said Cabinet mtg lasted from 9 to 1:30 (ref Embtel 1174). He said Subardjo reviewed MSA negots and dealt particularly with his conversations of past three days with me and support I had given thru providing ltr on contact with Ministry Defense, and thru offering accept interpretative note on 'free world'. Djuanda said in lengthy discussion which followed, Ministers became conscious of possibility if they caused fall govt on present issue they wld probably be succeeded by group from other parties which wld follow same policy as Sukiman govt. There was consequent tendency toward moderation with no one wanting precipitate govt collapse. Issue not solved but no further mention of resignation by Subardjo made. Agreed Cabinet members shld consult further with their respective parties and matter then be considered at next Cabinet mtg Friday or Sat [Feb. 15–16]." (756D.5 MSP/2-1252)

No. 189

756D.5 MSP/2-1152: Telegram

The Acting Secretary of State to the Embassy in Indonesia

CONFIDENTIAL WASHINGTON, February 15, 1952—7 p. m.
PRIORITY

885. Re section 5 Embtel 1165.[1] Your statement to Subardjo that he shld not mix Battle Act and UN embargo with MSA assurances correct. PNI entirely in error believing US wld construe Part 3 of para 1 to mean Indo wld have to contribute all exports US. Under Battle Act US expects Indo confine exports Title I items to free countries and if Title II items exported outside such area then only in return real *quid pro quo* and in limited quantities.

Since Indo note of Jan 23 wld cause unfavorable impression on US Cong if it were to be quoted as evidence that Indo Govt not giving all assurances required under MSA RI shld not use note in debate. While US was desirous receiving note indicating willingness Indo fully to cooperate in prohibiting export Title I items no formal US reply is contemplated on adequacy Indo note even though note not clear as to control measures applicable to Title I items. There is no question of terminating assistance Indo under Battle Act as long as Indo actions re Title I are believed to meet US policy objectives as set forth in Act. US has no reason believe

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[1] Document 184.

Indo actions are not in accord with these objectives re Title I. US has not yet developed specific proposals re Title II.

Dept hopes authorizations contained in Deptel 850[2] will prove acceptable to RI.

In event that alternatives contained in reftel are not adequate you shld keep open possibility further negot this point and report to Dept any further counter proposals.

WEBB

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[2] Reference should be to telegram 856 (see footnote 2, Document 184); telegram 850, not printed, deals with New Guinea.

No. 190

756D.5 MSP/2-1852: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET NIACT DJAKARTA, February 18, 1952—1 p. m.

1220. Embtel 1119[1] indicated possibility Sukiman govt might fall result accumulation domestic factors, but effort wld be made tie crisis to one of internatl problems, such as Hague or Tokyo negots or charges of violation independent policy. Chance struck our MSA issue. Embtel 1217[1] reported MSA assurances to be subj Parliament interpellation on or after Feb 25. Embtel 1219[1] reported PNI had taken position which practically dooms Sukiman govt by early resignation or defeat on vote confidence. In circumstances submit fol summary developments with suggestions. (Emb preparing statement for issuance at Secy's press conf if and when Sukiman govt falls.)

When I approached FonOff early Dec to obtain MSA assurances I let Subardjo know of course possibilities of both (a) and (b) assurances. We decided my note should set forth assurances under (a) since these wld permit Indo receive undelivered balance police constabulary equipment without commencing pay therefor and wld insure Indo eligibility receive mil aid if this shld be sought in future, without negotiating new agreement in possibly urgent circumstances. I was particularly anxious avoid situation with respect police equipment which might involve revelation agreement Hatta entered into honorably with me on this subj, but which might now embarrass him if his assumption sole responsibility therefor questioned. Above all I felt eventual mil aid to Indo might be critically needed and that it was to defensive interest US to see that possibility now. Dept is aware of situations which give reason for grave concern on this point.

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[1] Not printed.

After giving Subardjo tentative draft note Dec 11 I questioned him once or twice each week seeking reaction thereto. When I was prodding him for action he frequently said he wld let me hear after next cabinet mtg. Final phase of negotiation related Embtel 963, Jan 7. Even then I was not aware FonMin had not consulted cabinet. I knew he had approval PriMin. I was of course cognizant hesitancy Sukiman approve "free world". I realized risk being taken in its inclusion. I thought very much worthwhile, however, make this attempt draw Indo one step nearer "free world" and prevent backsliding to level of Burma. FonOff emissaries were told by me at final discussion text of note that I wld recommend US go along with idea Indos on interpretation of "free world" if necessity shld arise.

When Subardjo approached me in regard his difficulties over undertakings, I promptly telegraphed Dept and obtained auth for interpretative note or alternatives. Subardjo and I both favored interpretative note. He chose consult cabinet for approval idea and wording interpretative note. On recent mtgs with Subardjo have offered be of any assistance but he has said nothing I cld do pending outcome cabinet deliberations and party confs (Deptel 885).[2] Am informed cabinet night Feb 15 did not consider MSA question.

If and when govt falls presume question will be determined whether Indo stands by undertaking assigned by Subardjo or repudiates it. In latter event MSA aid shld technically cease at once. Failure successive Indo Govt submit for ratification basic ECA agreement negotiated Oct 1950 is evidence lack enthusiasm on part Indo auths risk debate on acceptance aid from US. Developments past few weeks have shown complete failure Indos grasp sense of mutuality of interest envisaged by MSA Act 1951. In present crisis not one official Indo voice has been raised in behalf friendship for US.

Recommend strongly against any substitute arrangement on assurances. If Indonesia repudiates Subardjo's undertakings in manner which appears to have been chosen, believe it absolutely inconsistent with American officials dignity and with spirit congressional legislation to work out anything less with this country. Indonesians did not seek economic aid from us in beginning, are sufficiently independent financially not to require it, are not appreciative of it, are not absorbing it satisfactorily, and in my opinion are not warranted in receiving it further.

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[2] *Supra.*

It should be noted that PNI Party decision included "appreciation with Sukiman-Subardjo Cabinet's decision to reject Mutual Defense Assistance Control Act of USA." This puts PNI on record approving note Jan 23 giving Indonesian position on Battle Act (Embtel 1054)[3] which emanated from Ministry Economic Affairs under PNI Wilopo. Do not see how we could possibly think of any further compromise on MSA assurances to perpetuate even economic aid if govt and party leaders defy our ideas of control under Battle Act. See Embtel 1221 urging firm stand in tin negotiations.[4]

Unless Indonesia willing stand by Subardjo undertaking I believe best interests US Govt will be achieved and best possibility for friendly relations with Indonesia assured if STEM liquidated earliest possible date. Any further consideration aid of any sort for Indonesia shld only follow official and political Indonesian request therefor, on Indonesians' own initiative. We shld then take into account overall attitude Indonesian Govt toward US interests.

COCHRAN

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[3] See footnote 13, Document 184.

[4] Not printed.

No. 191

796D.5 MSP/2-1952: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET
PRIORITY

DJAKARTA, February 19, 1952—10 a. m.

1227. Visited Subardjo for hour his home night 18th his request. He told me he was to present his documentary and oral explanation of negots on MSA assurances at cabinet mtg evening 19th. We discussed various points in preparation therefor. Fol instrs contained Deptel 885,[1] I explored means by which I cld possibly be of help to FonMin in defending his position.

Subardjo had recd reports of MSA agreements negotiated with India, Burma and Pak. He found, as I had advised him in advance, these were for econ aid, and assurances more along line 511 (b) than (a). Subardjo promptly said conditions those Commonwealth countries much different from Indo. He understood that all had facilities for manufacturing arms while isolated Indo had practically nothing. He also assumed that such countries cld have special facilities for procuring mil equip from UK. We discussed difficulties being experienced by Indo endeavoring procure mil equip UK through straight commercial channels. We also talked of troubles met by Col. Hidayit when he headed mission to Eur seeking arms and ammo. Fol failure this mission Hidayit now leaving army for civil employment.

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[1] Document 189.

Subardjo insisted he and I had been working in best interests Indo in providing for assurances which wld take care possibility Indo obtaining mil aid. He said Sukarto had protested to him he wld resign as chief civil police if provision Amer equip were cut off. Subardjo thought it wld be policy of weakness for any Indo govt withdraw from assurances now given and seek watered-down 511 (b) arrangement whereunder small amount econ aid wld be recd. He deprecated need for financial aid in view Indos large dollar balances. He expresses strong fear of US official and Congressional reaction if Indo actually needing mil equip wld seek escape from prescribed assurances and still look to US for providing aid in emergency, notwithstanding severe suspicion and criticism of US policies and intentions expressed in present crisis.

I volunteered give Subardjo written acceptance today if he wished give me interpretative note of character we discussed before. It was understood he wld deliver note in ample time for me give reply he cld use at cabinet mtg.[2] He sought no other alternatives. I told him Dept had confirmed correctness my statement to him that he shld not mix Battle Act and UN embargo with MSA assurances. He grasped idea and said he did not ask we permit him give any interpretation of MSA assurances which wld cause confusion with Battle Act.

FonMin told me unlikely decision be taken by cabinet tonight on policy it shld pursue re MSA assurances. He said PriMin has been sick past five days but hopes be able meet with cabinet. In meantime effort being made get Masjumi Council meet before end month and overrule decision Masjumi exec controlled by Natsir and Roem with respect disapproval Subardjo action. FonMin said that notwithstanding position taken by PNI exec (Embtel 1219)[3] he understood PNI wld not insist on his quitting if Pres Sukarno approved his staying. He said one idea being toyed with is for Sukiman return mandate to President who wld immed ask him form new cabinet, which wld be done with elimination PIR members. Subardjo thought cabinet might be forced take final decision night Feb 22 as to whether they resign or await parl interpellation on MSA. He hoped, however, issue cld be put off until end Feb, giving time for further progress at Hague and for mtg Masjumi council.

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[2] The exchange of notes was conveyed to the Department of State in telegram 1233 from Djakarta, Feb 19 (756D.5 MSP/2-1952) The United States agreed to two interpretations set forth by the Government of Indonesia regarding clause 3 of Article 1 of the note of Jan. 4 (see footnote 2, Document 178). "The defensive strength of the free world" was interpreted to mean "the defensive strength of independent, sovereign nations", and the word "permitted" was interpreted to mean "permitted, as determined by the Government of Indonesia".

The Indonesian note was dated Jan. 5 and the U.S. note Feb. 19.

[3] Not printed.

COCHRAN

No. 192

756D.00/2-2252: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET NIACT DJAKARTA, February 22, 1952—7 a. m.

1249. Have had two conflicting versions of Cabinet mtg 21st a.m., one from PriMin and one from reliable Cabinet friend of longstanding. I give more credence to second version of what took place but submit for Dept's info account of both.

(1) PriMin Sukiman called me to his home 6 p.m. 21st. Told me Cabinet had disapproved Subardjo's granting MSA assurances and accepted resignation as consequence. He asked if Indo cld be permitted change to 511 (b) assurances. I told him I had no auth approve withdrawal from commitment already made by FonMin with knowledge PriMin but wld report facts to my govt.

In answer my question PriMin said Subardjo's undertaking binding far as Cabinet concerned but he thought parliament wld insist on necessity ratification act and wld disapprove. He feared Indo-US relations wld be damaged by Parliament debate and resulting rejection.

I reminded PriMin neither Natsir's nor his own govt had seen fit submit for ratification basis ECA bilateral agreement negotiated Oct 1950. I said that when Parliament Comite recently insisted upon internatl agreements being submitted to Parliament, FonOff had provided list those negotiated but not ratified. This list did not include ECA bilateral. He confirmed it required ratification.

In answer my question whether his govt wld now resign, PriMin said decision wld be taken at next mtg provisionally scheduled 5 p.m. 22nd. I asked if decision wld depend upon US attitude toward replacing 511 (a) assurances with (b). He replied affirmatively.

I told PriMin I hoped his Cabinet had not been influenced by polit and press campaign of other countries. I insisted Pakistan, Burma and India had actually signed MSA agreements. I told him I was not at all convinced his govt, after failure submit ECA bilateral for ratification and after now disapproving FonMin's negot of

511 (a) assurances, wld have spirit or ability defend successfully before Parliament an agreement involving 511 (b) assurances.

(2) Visited Cabinet friend 7:30 p.m. Gave him account my talk with PriMin. He expressed disagreement Sukiman version and surprise at his approach to me. He said Cabinet session had not progressed beyond voting disapproval of Subardjo's procedure in consummating agreement. Said substance agreement not discussed. Said question consulting me with respect substitution (b) for (a) assurances not mentioned in mtg. He interpreted Sukiman tactic as unfair endeavor place responsibility for life Cabinet on US Govt.

My friend said he had opposed Subardjo being required seek any clarification or interpretation. He said Sukiman, Wibisono,[1] Leimena[2] and he had been constantly in favor 511 (a) assurances, they all realizing Indo need for mil equipment now and perhaps increased aid in future.

My friend confirmed he had given story to press to effect Subardjo's negots should be considered binding. If govt not willing approve shld resign *in toto*. To me, he was critical Sukiman's idea throwing out Subardjo and still trying carry on with same Cabinet. He thought Sukiman only confusing situation further by this last maneuver of appealing to US. He said both Indo and US Govts wld lose prestige through any weakened arrangement. Cabinet had not been canvassed to see whether it wld approve 511 (b) assurances. He was not at all sure Sukiman govt wld present any mutual security arrangement to Parliament and obtain approval thereof.

I was unfavorably impressed by Sukiman's fumbling and faltering explanations and arguments when we discussed questions. In view my friend's forthright version am most reluctant place any faith in Sukiman being able see present issue through satisfactorily. I am basically and strongly against US retracting from agreement honorably entered. Moreover, I feel we shld be taking tremendous risk of losing prestige and incurring further misunderstandings if we count on Sukiman getting 511 (b) assurances through Parliament. Fol violent public campaign against MSA, any thing smacking of mutual security undertaking likely be strongly opposed. In addition, there are phrases in 511 (b) such as "to take such action as may be mutually agreed upon to eliminate causes of internatl tension" that wld cause much real or simulated concern and involve us in further clarifications, interpretations, etc. To present, I have refrained from any public statement, leaving opportunity to Indo Govt defend its action and obtain our help. Believe we can, however, wait a little longer to state our position in view attempts Sukiman to horsetrade with us and reduce Indo commitments to lowest denominator of weak Asian power.

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[1] Jusuf Wibisono, Minister of Finance.

[2] Johannes Leimena, Minister of Health.

I told PriMin I cld not obtain instructions from my govt by evening 22nd and cld not guarantee nature of answer in any circumstances.

See immed following Embtel 1250[3] summarizing situation and presenting recommendations.

COCHRAN

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[3] *Infra.*

No. 193

756D.00/2-2252: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET NIACT DJAKARTA, February 22, 1952—8 a. m.

1250. Ousting of Subardjo and threat to life of entire Cabinet over MSA issue illustrates beyond question US can not and must not force it on any reluctant Indo Govt (Embtel 1249).[1]

During recent crisis criticism of US reached all-time high with every US move subject hostile suspicion and with all Indo factions professing to accept as first premise view that in relations with Indo US entertains only highly selfish aim of forcing Indo through econ pressure to become its satellite. Vilification US in local press widespread. Neither any important leader any polit faction nor Pres or Vice Pres has publicly given US benefit of any doubt or made any public mention of possibility that US may act from other than selfish motives. Our efforts in support new republic over recent years at least temporarily overlooked in intense wave nationalism and isolationism.

We believe we must now seek impress on Indos fact US does not wish to buy their independence from them; does not want to estab econ hegemony over them; and will not sell its prestige and honor for temporary advantage this or other area. Indos must also be made to understand that US does not rely on their material or moral support, which wld be most welcome and valued if given through Indo's own free choice but will not be bought at cost of US dignity and decency in international relations. Indos must also be impressed with fact that US which has long been champion of free and independent nations everywhere can and does act out of other than selfish motives and does not appreciate being undefended target one-sided carping criticism and incessant sniping.

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[1] *Supra.*

Suggest in future dealings with Indos we adopt friendly but firm attitude making perfectly clear we are not in mood for endless generous concessions to them in econ, polit, or mil fields. We will pay them fair price for their exports to US (which is country with which they can most advantageously trade) and we will expect fair price which Indos can well afford to pay for whatever they may wish to secure from us. We believe policy interests US best served by impressing Indos that we are not engaged in world-wide give away program, but on contrary, we are endeavoring first and most urgently to help those countries which are allied with us against mutually recognized common danger and, secondly to aid those under-developed countries which, because of unfavorable balance of payments, can not pay for needed capital equipment or tech assistance. Since Indo falls into neither category and is not willing assume responsibilities which by act of Congress we are required to place upon it in order to receive only type MSA aid which Indo really needs, we believe our purpose wld best be served by recognizing Indo sensitivities, respecting their views of "independence" and withdrawing econ assistance, which has made us target of unfavorable publicity culminating in resignation FonMin and probable fall of govt.

Granting Indo econ assistance under MSA in return for vague watered-down guarantees wld only mean decline US prestige, continuance undesirable attention to presence MSA mission in Indo, and failure to win for US any expression of gratitude for our efforts in Indo behalf.

Consequently suggest to Dept that in answer to question at press conf Secy Acheson issue statement along fol lines: "US has watched with pleasure growth of Indo Repub during past two years. During revolution US gave what encouragement it properly cld to emerging new nation, although of course estab of Indo State is credit to Indo efforts alone. US also saw fit support Indo cause before UN and in other internatl dealings. Since transfer of sovereignty US has watched with admiration efforts of new nation to secure its democracy at home and has noted with satis that despite internal troubles Indos have succeeded in utilizing their rich natural resources to build favorable balance of payment and accumulate important gold reserves and fon exchange holdings. The US regrets that leading Indo polit groups have evidently concluded that it is not to their advantage to request US mil aid and accept the responsibilities which the request entails under MSA. US has no desire to comment on extent to which that conclusion results from domestic polit considerations, which are solely concern of Indos themselves. However, as a country which through its history has fought for independence US can understand that a new nation will proudly and sedulously guard against what it considers, sometimes erroneously, to be inroads on its sovereign rights.

If Govt of Indo does not see fit honor agreement as negotiated through its FonMin, US regrets necessity for terminating existing aid program. If some later Indo Govt shld come to understanding that Indos own self-interest wld better be served by closer relations with US and desire to ask assistance US Amer Govt wld within framework of then existing circumstances be glad give Indos friendly hearing. For present US is confident that even without Amer grant aid Indos can through own efforts arrive at satis solution own problems. Indos can well afford to pay for what econ and tech help they need and can apply in normal way for whatever priority items they desire. In this connection US must of course give first consideration to those nations which are in firing line against Communism."

COCHRAN

No. 194

756D.5 MSP/2-2252: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET NIACT DJAKARTA, February 22, 1952—7 p. m.

1253. Have just recd Deptel 923.[1]

Invite Dept's attention to Embtels 1249 and 1250[2] giving facts with respect maneuvering by Sukiman and Emb recommendations. Cld not believe that in light thereof, Dept wld risk such humiliation as wld inevitably result from efforts to carry out Deptel 923 with moribund govt and with only slight possibility Sukiman cabinet cld command sufficient support to conclude any sort MSA agreement with US. Request therefore reconsideration instructions which wld have gravest consequences on future course US-Indo relations.

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[1] Transmitted by the Department of State at 1 a.m. on Feb. 22. It reads as follows:

"We note Subardjo's reasons prefer MSA Sec 511 (a) to 511 (b) (urtel 1227 Feb 19), and we are keenly aware prime importance 511 (a) to totality of US policy toward Indo.

"In view Subardjo resignation, however, and in view great interest being shown here in Dept, MSA and press, we desire that Indo Govt shld have ample opportunity understand that it is possible for Govt to give 511 (b) assurances, as stated Depts A–110 Nov 23 or along lines Burmese formula Deptel 823 Feb 4 [not printed]. We are concerned lest in present superheated atmosphere 511 (b) be lost through over-identification with 511 (a)." (756D.5 MSP/2-1952)

[2] Document 192 and *supra*, respectively.

Cabinet meeting scheduled for evening 22d postponed until forenoon 23d.

COCHRAN

No. 195

756D.00/2-2452: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET
NIACT

DJAKARTA, February 24, 1952—11 a. m.

1261. Called to PriMin home 6 p.m., 23rd. Sukiman confirmed Cabinet had returned mandate to Pres who had accepted. He said Parl in recess and wld not reconvene until new govt formed. He did not yet know who wld form govt but was to discuss this with Sukarno 24th.

Sukiman expressed concern over possibility deteriorating relations with US. Referred to *Aneta* article from Washington to effect MSA aid wld be cut off if Subardjo negots repudiated.

I asked Sukiman if at anytime his govt had passed on substantive merits of MSA assurances which Subardjo had given. He replied negatively. I asked if FonMin had been put out solely on procedural ground. He replied affirmatively. I asked if in absence repudiation Subardjo agreement it was still valid. He confirmed it was. He volunteered that sentiment in favor thereof had improved in recent days. He said leaders planned distribute certain docs pertinent to agreement among leaders Parl next few days to gain support for MSA agreement. He inquired along lines our last mtg (Embtel 1249)[1] whether objectionable features of 511 (a) agreement might be removed. He referred particularly to para 3. I reminded him US had conceded on all points raised by Subardjo for his govt.

I recalled to Sukiman that when negots commenced I had explained 511 (a) and (b) alternatives fully to Subardjo and that Indo Govt then had entire freedom choose which either it desired.

I said at loss understand action his govt in throwing out Subardjo on procedural ground without merits his agreement being passed upon by Cabinet. I reminded PriMin he himself had been aware of Subardjo negots with me. I said it seemed to me that he as PriMin had responsibility to inform other cabinet members of negots if such practice required.

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[1] Document 192.

I insisted I had negotiated honorable agreement with FonMin of govt in power. Agreement still valid altho govt now defunct. I cld not at this juncture negotiate with demissionary govt or make any commitments whatever. I said it wld detract from dignity both our govts, be most unfair to Subardjo, and of doubtful legality if US Govt and successor Indo Govt wld negot new MSA Agreement without original agreement having been repudiated or considered on merits in Cabinet or Parl.

I recalled to FonMin reasons Subardjo and I had favored 511 (a) agreement: Police equip still arriving and prospective serious need for mil aid. I said I was still willing help successor Indo Govt obtain aid for these purposes. I said Indo financial position such that it might be difficult convince Cong Indo required grant econ aid alone. I said if Indo now failed to stand by 511 (a) and bargained for weaker terms, this wld be particularly noted at such time as Indo statement position on Battle Act may become known (Embtel 1054).[2] I said all of this might make US-Indo relations worse than now.

I recalled Indos had not sought ratification ECA bilateral and not one friendly official Indo voice had yet been raised in behalf US aid or US position. I said I cld not yet understand how Indo Govt which had fallen on MSA issue cld about-face and present any other MSA Agreement unless and until original agreement might be turned down by Parl. Sukiman then admitted there were various Indo polit problems involved. I told him I did not intend ask my govt suffer further humiliation while Indo leaders playing domestic politics not willing or able defend relationship with US.

Would like point out to Dept that in view fact Sukiman Cabinet now defunct there cld be no advantageous purpose in reopening negots with it now on very subj which brought about its demise. Only action open to US which wld enable us to secure strong position Indo eyes and respect of Indo Govt is to leave with Indos proposition that they stick by agreement which they entered into and which we still consider to be only agreement under MSA which wld prove to their advantage. Under it they may secure police and mil equipment which they badly need to defend their democracy and make it possible for them to utilize fully their resources. Any agreement less than this can bring them only small amt of grant aid which they do not need and which can make no significant difference to them since it wld form only small fraction favorable dol balances. However, if we allow Indos get this small amt grant aid under formula similar Burma means grave difference to us because we run risk:

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[2] See footnote 13, Document 184.

(1) Of leading Indos to believe there was readily available for serving their purposes an easier formula than Subardjo negotiated, giving credence to belief already expressed to Lacy (Deptel 920)[3] that Subardjo was "our man";

(2) Of being criticized for giving Indo only small fraction of aid granted India and Pakistan, not to mention Eur countries;

(3) Of giving currency to view that US in endeavoring elicit concessions from Indo but in last analysis needs Indo so badly that it will if subjected hard bargaining concede to Indos everything they want. Wld then become far more difficult for us obtain purchase contract on tin at reasonable price, make arrangements for Amer investors enabling them to get fair profit, to defend perfectly just US claims in any other spheres. In addition, very strong possibility exists that even if we wld state to new Indo Govt our willingness accept this humiliating and needless defeat, that govt wld lack courage and ability to defend its views before Parl and nation. This wld as consequence drag us through entirely new campaign of suspicion and mud-slinging and result in failure to conclude any type MSA Agreement. Believe we must act on most pessimistic rather than most optimistic estimate of outcome.

As consequence, urge Dept issue statement along lines Embtel 1250.[4] This statement will clear atmosphere here, will sharpen alternatives to Indos, and will enable formateurs of new Cabinet to understand distinctly from beginning that we will give them what they need and what they have agreed is to their best interest, but we will not afford them chance to continue indecisive fence-sitting on one hand while getting totally unnecessary slice of Amer taxpayer's money on other. Immed statement shld help formateurs in shaping new Cabinet and will certainly clear us of any charges that we have never made our beliefs and intentions clear to Indos. Statement cannot possibly damage our relations with Indo and might result in much-needed realization by Indo that US wants to help in any way in which help needed but that in last analysis, it is Indo security at stake, their country which is petitioning us, and not US which needs support.[5]

COCHRAN

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[3] The first paragraph of telegram 920, Feb. 21, reads:

"Min Darmawan Chairman Indo Tin Del called on Lacy Feb 21, accompanied by Indo Emb officers Maramis and Thajeb. Maramis led off with attempted witticism saying: 'I offer you my condolences on the loss of Subardjo as Indo FonMin'. Lacy replied: 'Subardjo was your FonMin. It is Indo security which is at stake; the security of the US is not at stake; my country will survive regardless of who is FonMin of Indo.' Maramis interpolated: 'My country will survive too.' Lacy said he hoped this is the case, and that all our efforts here have been directed to this end." (856D.2544/2-2152)

[4] Document 193.

[5] On Feb. 25, the Department of State sent the following message to Djakarta:

Continued

No. 196

756D.5 MSP/2-2652: Telegram

The Acting Secretary of State to the Embassy in Indonesia

SECRET
NIACT

WASHINGTON, February 26, 1952—10:55 a. m.

935. No truth in frontpage *NY Times* article by Felix Belair headed "US Weighs Recall of Aide in Jakarta in Indonesia Crisis. State Dept 'Displeased' Because Envoy Negotiated Secret Mil Agreement. Economic Pact Favored. Moslems and Nationalists Are Said to Have Quit Cabinet Over Steps Cochran Took".

Basis of art evidently supplied in direct violation security regs by source with intimate knowledge substance and timing recent secret tels such as Deptel 923 Feb 22[1] and Embtel 1254 Feb 23.[2] Dept investigating.

Statement Dept "displeased" obviously contradicted by Deptel 931 Feb 25[3] which commences "Dept considers reasoning underlying position adopted urtel 1261 Feb 24 sound".

Dept deeply regrets this personal attack upon your reputation and deplores damage this type art does to prestige and policies US in Indo. Dept issuing denial which will follow.[4]

WEBB

"Dept considers reasoning underlying position adopted ur 1261 Feb 24 sound and concurs ur view that 'no advantageous purpose in reopening negots with [Sukiman Cabinet] now on very subj which brought about its demise'. Dept considering your recommendation statement (Embtel 1250) but is at present of opinion that disadvantages including the actions U.S. may outweigh advantages, particularly in view Indo Govt statement Embtel 1262 Feb 24 [not printed]. Emb requested similarly defer any press release at present." (Telegram 931; 756D.00/2-2452)

The Indonesian Government statement referred to indicated that the resignation of the Cabinet did not mean that Indonesia would shirk any obligations proceeding from a commitment made through an agreement with a foreign country. (756D.00/2-2452)

[1] See footnote 1, Document 194.

[2] In telegram 1254, Ambassador Cochran informed the Department of State that the Cabinet would resign and that he had been advised to do nothing under the circumstances. He also suggested that the Department make no comment on the resignation. (756D.00/2-2352)

[3] See footnote 5, *supra*.

[4] On the same day, Acting Secretary James Webb issued a statement expressing full confidence in Ambassador Cochran and said that he had acted throughout in accordance with the Department's instructions. (Department of State *Bulletin*, Mar. 10, 1952, p. 399)

No. 197

756D.13/4-752: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, April 7, 1952—6 p. m.

1480. No distribution outside Dept. Pringgo Digdo, Chief Pres Sukarno's civil staff, dropped by my home 5th. Said Pres not happy over new Cabinet and especially annoyed at polit necessity accepting Mukarto as Fin [*Fon*] Min.[1] Pringgo said both Sukarno and Hatta would want to see new govt honor MSA assurances given by Subardjo under Sukiman regime. He feared however trend of new govt wld be non-Western. I took position MSA arrangement in effect and no move required on part US. I told Pringgo I had given Hatta full set copies correspondence with Subardjo two days earlier and had explained negots some detail. At Pringgo's request I handed him single set for Sukarno and recounted exchange. I repeated I was making no approach to Wilopo govt itself but wld have additional copies correspondence available if govt shld request any assistance in familiarizing politicians or public with subject MSA.

Embtel 1447 listed Cabinet and Polit Section. Weeka 1467 analyzed composition new Cabinet.[2] Embtel 1465 quoted new Cabinet program.[3] Beyond this very gen statement nothing has yet been announced indicative course to be pursued. PNI, left-wing Masjumi and PSI were critical of foreign policy as conducted through Subardjo in Sukiman Govt. They must now decide whether as responsible members of govt they will let certain measures stand, attributing alleged faults thereof to their predecessors, or sacrifice obvious benefits from these measures in gesture youthful polit independence.

There is strong probability Masjumi will split, with govt majority consequently reduced to narrow margin. Disillusioned elements within PNI may revolt against what they consider Wilopo's stupidity in having been outmaneuvered by pro-Socialist Masjumi and Sjahrir. There is very good chance business govt succeeding Wilopo if latter fails through pursuing too radical course. There is in this connection evidence new govt may threaten closer polit and trade relations with Commie bloc in effort force US to terms on rubber purchases et cetera.

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[1] Mukarto Notowidigdo was Minister of Foreign Affairs in the new Cabinet, installed on Apr. 3. The Cabinet also included: Wilopo, Prime Minister; Prawoto Mangkusasmito, Deputy Prime Minister; M. Roem, Minister of Interior; the Sultan of Jogjakarta, Minister of Defense; and Sumitro Djojohadikusumo, Minister of Finance.

[2] Neither printed.

[3] In the statement issued by the new Cabinet, the foreign policy goals listed were: (1) Maintenance of an independent foreign policy; (2) termination of the Union with the Netherlands; and (3) continuation of efforts to include Western New Guinea within Indonesian territory as soon as possible. (756D.13/4-452)

We cannot, of course, let such govt, whose stay in office may be short and stormy, challenge our position and intimidate US.

Am convinced as ever that our policy and record MSA negots absolutely correct. To deviate from that course now wld not only cause irreparable damage to US standing in Asia but wld constitute desertion our genuine friends among Indo leaders who have welfare country sincerely at heart and who realize policy US Govt has consistently followed has been to Indo's own best interest.

Chiefs of dipl missions are to meet with new Cabinet members eighth and thereafter have normal contact. I am sufficiently acquainted with some of new members particularly Sultan Jogja, Sumitro and Roem to feel that they may be led eventually appreciate US position and cooperate with us whatever may be initial attitude new govt. If this proves true then we shld be able hold progress already achieved with this young state and move gradually ahead in direction we desire. In any event believe US must in dealing with Indo exercise continued patience and understanding, more firmness, less yielding and giving, plus caution and restraint with respect ideas and elements which might interfere with sound and constructive long-term policies.

COCHRAN

No. 198

756D.5 MSP/4-952: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, April 9, 1952—3 p. m.

1491. Eyes only Lacy. Just received memo dated March 24[1] of conversation between Galbraith and Maramis indicating Amb Ali resented being by-passed on MSA negotiations. Press reports indicate Ali has great confidence in Mukarto and that latter reserves position with respect MSA until arrival Indo and opportunity consult with Cabinet colleagues.

Presume Ali entirely cognizant position I have taken and wholehearted support of Dept behind me. Believe this excellent opportunity therefore for Ali to exercise helpful influence on young PNI colleague now to become FonMin. Hope they will both see fit assist in convincing Indo Govt essentiality respecting undertaking honorably entered into by responsible Indo FonMin through my Emb.

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[1] Not printed.

Local press which opposed 511 (a) assurances under MSA already reviving issue and suggesting new cabinet negotiate diplomatically for "amendment" which would really mean substitution 511 (b). Argument is that Wilopo Govt of course recognizes binding character assurances given but should endeavor work out acceptable "amendment" prior reconvening Parliament in order avoid acrimonious debate and possible injury to overall Indo-Amer relations.

This is line of approach we have expected. I will not bore you with repeating all my arguments. I simply submit that in coming campaign towards achieving order Indo military and police authorities will need security aid. In such emergency as we can easily envisage if Commie forces in Asia move southward, Indo would certainly need security aid. There is absolutely no ground to justify econ aid alone or any factors whatever which would honestly warrant our permitting Indos switch from 511 (a) to (b).

For almost four years I have taken responsibility of vouching for good intentions and sympathetic attitude moderate Indo leaders. I have obtained important financial and other aid for them on what amounted to my personal guarantee. I have "covered" their secret missions to US for security training and police equipment. I have assisted in obtaining priorities for exports to Indo of type accorded our allies in arms.

For their part, Indos have failed to make any move toward ratifying bilateral ECA agreement negotiated Oct 1950. They threw out Sukiman govt because it gave those assurances required by US legislation to permit Indo receive type assistance it actually needs. They took this action in spite our having made every modification or permitted every interpretation requested by Indo Govt. They are now threatening do business with Commies if we do not meet their trade demands as well as terms on which they willing accept our taxpayers money.

Believe our attitude henceforth must be absolutely firm. Indos must be brought to understand that it now devolves upon them to show their good intentions toward us. Through their acts they must convince us we have been justified in adopting generous policy we have consistently followed in past and that this course shld be pursued in future. Most immed and convincing gesture which can be made this juncture is to adhere without further ado to MSA agreement as negotiated.

COCHRAN

No. 199

756D.5 MSP/4-1752: Telegram

The Secretary of State to the Embassy in Indonesia

TOP SECRET WASHINGTON, May 1, 1952—3:08 p. m.
PRIORITY

1177. Eyes only Cochran from Allison and Lacy.

1. In response Mukarto's expression his personal opinion to Secy and Lacy on MSA issue Apr 21[1] Dept has left initiative with Indos in matter their possibly presenting us with request to replace their Jan 5 commitment under sec 511a of MSA 1951 with new commitment under 511b. Dept approves your intention (Embtel 1520 Apr 17)[2] continue await "first move on part Indo auths Djakarta and then seek such Dept guidance as required" and concurs fully your summary Dept position on MSA, with fol qualifications:

A. Although it is possible Indo may "repudiate" its 511a commitment, Indo cld also with propriety attempt amend or replace 511a in coop and with consent US Govt (reftel para 5).

B. Although it is possible Indo Parliament may refuse to approve not only 511a but also 511b, Indo Govt on other hand might be successful in securing Parliamentary ratification 511b as alternative to 511a (reftel para 7).

2. In anticipation Indo move toward 511b, approved Dept position, reached in consideration urtel 1520 and after most careful study and agreement by all officers directly concerned with Indo, is as follows:

A. We shld continue our policy of leaving to Indo initiative on MSA issue on the chance that Indo will continue its adherence to 511a, obviously most desirable outcome.

B. If Indo asks replace 511a with 511b we shld grant request while indicating strongly that contd Amer aid can be justified only to extent it makes effective contribution to welfare of Indo and is genuinely desired by Indo Govt and people. Without setting deadline, our reply wld state that Amer Govt believes ratification by Indo Parliament of Econ and Technical Assistance Agreement, signed Oct 16, 1950, is essential to success econ and technical aid program. Nature our reply wld of course depend upon (1) nature Indo approach, (2) clearance interested US agencies, (3) any necessary consultation Congress.

ACHESON

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[1] During a courtesy call on Secretary Acheson, the new Indonesian Foreign Minister expressed his personal opinion that he did not believe his government could hold to the present MSA Agreement. (Telegram 1144 to Djakarta, Apr. 22; 756D.5 MSP/4-2252)

[2] Not printed.

No. 200

756D.5 MSP/5-652: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET PRIORITY WASHINGTON, May 6, 1952—7:29 p. m.

1188. Amb Ali called today on Asst Secy Allison on instrs Indo Govt to state Indo Govt has reached fol position on MSA issue:[1]

1. Govt considers itself bound by Jan 5 commitment under sec 511a unless and until this commitment is rejected by Indo Parliament.
2. Indo Govt "cannot accept 511a". Elaborating this statement Amb Ali clearly implied Indo Cabinet neither cld nor wld support Parliamentary ratification 511a, and Parliament wld almost certainly reject it.
3. Indo Govt "can accept 511b".
4. Indo Govt desires shift undelivered balance Constabulary aid from grant to reimbursable basis.

Allison asked if Amb Ali's statements shld be interpreted as an Indo request for action by US Govt. Amb Ali replied that his Govt's intention was not to request action, but instead to solicit advance informal expression of Dept's opinion as to how Amer Govt wld receive an Indo request to replace its commitment under 511a with a commitment under 511b.

Allison replied that Indo Govt cld be assured US Govt wld not reject such a request out of hand but he made it clear that the US Govt's decision wld depend upon many factors including manner in which Indo Govt might present its request, and the opinions of SecState, Amb Cochran, as well as those of MSA, Defense Dept and other interested parts Amer Govt. Amb Ali said he wld inform his Govt accordingly.

Allison asked if Amb Ali's statement of Indo Govt's position shld be taken as assurance that exec branch of Indo Govt wld in fact request and support Parliamentary ratification of 1) a new agreement (if reached) replacing 511a with 511b assurances; 2) econ and technical assistance bilateral signed Oct 1950. Amb Ali replied he cld not make such a guarantee but that it was his clear understanding that his Govt wld be prepared to take this position before the Indo Parliament. He said he wld request his Govt's views on this matter.

Allison in turn agreed discuss Indo Govt's position, as orally presented by Amb Ali, with other Amer Govt officials.

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[1] In a memorandum sent to Allison on May 6 in anticipation of Ambassador Ali's visit, Lacy observed that the Indonesian Government was apparently attempting to bypass Ambassador Cochran. (756D.5 MSP/5-652)

It was mutually decided these actions wld be taken informally in order that both Govts might arrive at substantial agreement before any formal communication re MSA is presented to US by Indo Govt. Apart from this decision, no commitment made on either side.

Comment: It accordingly appears new Indo cabinet desires negotiate new MSA agreement with US replacing 511a with 511b before submitting MSA for Parliamentary ratification.

ACHESON

No. 201

756D.5 MSP/5-852: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, May 8, 1952—4 p. m.

1625. Ref Embtel 1618.[1] Was recd by FonMin Mukarto with SYG Darmasetiawan present 9:30 a. m. May 8. FonMin said he had given me informally on night 6th decision of Cabinet reached preceding evening. He now desired I be formally advised thereof. He asked Darma explain this. Darma said Cabinet had decided 511 (a) agreement entered into by Subardjo and Cochran was binding but that Wilopo Govt not willing support it. I asked if this was formal approach to me for amendment 511 (a) agreement. Answer was negative.

Minister said he and Darma desired discuss situation frankly with me. Minister said some members Cabinet hoped amendment cld be obtained for 511 (b) assistance in terms similar Burma agreement. He said Ali had been informed of Cabinet decision and instructed seek sentiment of State Department on possible amendment. I recalled FonMin had told me this on previous occasion and I had been surprised Indo Govt appeared desire transfer MSA discussions to Wash. I said Indos of course at liberty approach my govt on any subj they wished through their own Amb. I made point, however, that Dept had seen fit entrust to chiefs of missions abroad negots of all agreements under MSA so far as I aware.

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[1] In telegram 1618, May 7, Ambassador Cochran reported to the Department that during a social gathering on May 6 the Foreign Minister had informally told him that the Indonesian Government could not accept the 511 (a) Agreement and would instruct Ambassador Ali in Washington to request substitution of a 511 (b) Agreement instead. He went on to say that he expected the Department to tell Ali that the MSA Agreement negotiations would be handled in Djakarta. (756D.5 MSP/5-752)

Darma said he shld tell me frankly decision resulted in part from story reaching Cabinet that I opposed change from 511 (a).

I reminded Darma I had given Indo Govt through Subardjo choice of 511 (a) or (b) when negots started. Subardjo had chosen 511 (a) and my govt agreed this was type of agreement most suitable. I had of course regretted difficulties resulting from this choice but I still thought it was most advantageous arrangement conceivable. I insisted I always reported and wld continue to submit accurately any request that might be made to or through me by Indo Govt. I recalled that on reaching 511 (a) agreement my govt had made every amendment or accepted every interpretation Indo Govt sought. I said it was for Indo Govt decide whether it desired endeavor maintain 511 (a) agreement. Mukarto said report was being awaited from Ali as to results his talks with State Dept before determining wording with respect to Indo Govt's attitude on MSA to be included in statement to Parl.

Mukarto said that with elections coming on his govt wld find itself embarrassed to meet such opposition as was likely to be encountered in Parl if it submitted 511 (a) for ratification. I deplored criticism that had been made of this agreement both in govt circles and in press. I thought this resulted largely from lack of info in regard to arrangement. I pointed out no good account thereof had been made to Indo public until Wibisono's[2] recent press statement. I hoped Indos wld weigh seriously advantages accruing to them through 511 (a) and disadvantages and losses that wld result from giving up or amending this in favor any other possible arrangement.

I asked if idea had occurred to Indos of simply stating to Parl that new govt is reviewing entire field of internatl relations including such problems as those of Jap Treaty, union statute and MSA with purpose obtaining exact facts and eliminating any misconceptions. I thought such statement might appropriately be made and carry assurance that new govt cld be counted upon in implementation of existing undertakings not to infringe sovereignty or detract from independent policy of Indo. Mukarto said there was no intention to tell Parl 511 (a) must be eliminated. He repeated that statement wld likely be eliminated [*limited*?] to explanation that question of MSA was being studied. Any addition to this statement wld depend upon report from Ali.

I told Mukarto I was glad he had opportunity meet Secretary Acheson well as Lacy and Coerr who worked directly on Indo matters. I said these three well as Asst Secy Allison on whom Ali had called to give Cabinet decision, were entirely familiar with all my negots and they in turn kept me fully informed as to official conversations carried on in Wash with Indo auths there. I said this was to everyone's advantage. I told Mukarto I was glad he had lived in my country and had learned our habits and that Darma also knew us rather well. I said both shld know that we are inclined to be absolutely frank in our contact with friendly foreigners and that Indo has always had such a warm spot in our hearts that we frequently overstep bounds of normal diplomacy in our efforts be of genuine assistance to this new state. I reminded them however that they shld not let any of their colleagues or assistants gain impression from our attitude that there is any lack of cohesion amongst us or that there is any way of splitting our intent loyally to serve our govt toward common end. I said we do not resort to bluffing our friends and they understand in turn it is futile to endeavor trick, bluff or blackmail us. I called upon Darma to testify to his chief that my word had always been found absolutely good by Indo and that I had never let this country down. Darma quickly agreed.

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[2] Jusuf Wibisono, former Minister of Finance.

I said that with change in govt, and particularly as Indos move on MSA, my govt will expect me to report developments and my opinion thereof. I assured them my recommendations were regularly sought on all matters under consideration between our two govts and particularly on such questions as financial and econ aid, whether under ECA, Exim Bank or otherwise, export licenses, priorities, etc. I said overthrow Sukiman govt on pretext secret Subardjo–Cochran agreement had resulted in campaign of criticism against my govt and my Emb which was far from pleasant. I said my govt wld watch with interest to see whether this attitude continues or changes under new regime. I stated frankly that Mukarto's public statements with respect desire build up relationships with Commie countries and criticism by Sumitro and other Ministers of alleged failure US give Indo helpful econ support naturally have attracted attention in my country. It will be my duty keep my govt informed as to what trends may follow in govt policy and public reaction thereto.

I asked Mukarto whether it was his impression following his return here that Indo genuinely wants MSA aid and that this is contributing to gen welfare of country. He replied affirmatively but said polit considerations made it necessary be cautious in regard to terms under which such aid cld be accepted. I reiterated US desire to help Indo in every appropriate and possible manner that may be found acceptable and may be appreciated by this country. I strongly denied however any desire on our part to press aid upon Indo which wld be unwelcome or embarrassing. Darma referred to some statement in book by Geo Kennan to effect US practiced patronizing policy toward Far Eastern countries. Darma said we understood Cong and Govt must defend taxpayers but that our attitude sometimes worried Asians. I said we took every possible precaution to recognize and respect sensibilities of this area.

I then asked precisely what steps Indo Govt intends to take if it is learned from Ali that US does not oppose approach towards substitution 511 (b) for (a) but reserves decision as to acceptability such change until US Govt may canvass various opinions in the premises and weigh pertinent factors that may obtain. I asked whether Wilopo Govt would defend 511 (b) type agreement before Parl. Mukarto stated he wld do his part. He thought Parl wld ratify 511 (b) agreement of Burmese type. I asked if there was any prospect of Pres Sukarno or VP Hatta making public statement appreciation US aid following example Nehru. Darma intervened to state I shld know their sentiments so well that such statement not necessary. I told him I had vouched personally for Indo sentiments over several years. I now thought it devolved upon Indo, particularly in light congressional legis and Indo attitude on Subardjo–Cochran agreement, to act and speak in such manner as to convince US that continuing aid is desired and warranted.

I asked what consideration if any was being given to seeking ratification basic agreements referred to in MSA exchange of types. Mukarto and Darma explained that whole question of what agreements and notes to be regularly submitted by FonOff for ratification was being studied urgently by Min of Justice and legal section FonOff. Upon pressing this point I found that Indos cld not say that they intended to seek ratification of basic agreements or of MSA assurances in whatever type latter might be formulated. They cld not tell me when definite legal opinion wld be given which wld control their acts.

After delivering letter on counterpart to Mukarto (Embtel 1622)[3] I left FonOff at 10:15. Cabinet was to meet at that hour. Darma planned tell press FonMin had called me in to advise me formally of Cabinet decision on MSA.

From foregoing Dept shld understand Indo Govt wants retain MSA on cheapest terms obtainable. Thru direct informal approach to Wash they seek private assurances that can be worked locally into official statement to Parl that will safeguard Govt's polit position. In meantime they will try get legal interpretation against submitting agreements for ratification that may cause them such polit difficulties as wld any arrangement involving US aid.

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[3] Telegram 1622, May 8, transmitted the letter to the Embassy in Djakarta. The letter suggested possible Cabinet level review of a proposal put forward by the previous government in January 1952 for use of counterpart funds. (756D.5 MSP/5-852)

Before keeping this morning's appt I learned positively that Mukarto has alleged to Cabinet members there is split among high State Dept officers on MSA question and that at least one thereof in addition to Decker of MSA[4] encouraged Indos shift negots to Wash for 511 (b) amendment.

Resenting Indo tactics, I made certain pertinent and forceful statements above reported. If Indo genuinely wants any help from US it shld be up to Indo to approach US frankly and honorably with clear-cut proposal. I shld regret exceedingly to see Indos succeed in achieving their ends without committing themselves responsibly as required by US legis and internatl practice. I cannot stress too strongly unfortunate repercussions that will come if we naively permit new leftist govt trick or divide us. I confidently expect (see final para Embtel 1618)[5] Dept's support in maintaining firm front and obliging Indos think things over, make up their presently confused minds without unfairly asking us for prior commitments, and then approach us through this Emb for any revision that may be sought in existing valid MSA agreement.

COCHRAN

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[4] William M. Decker, Vice Consul at Surabaya.

[5] See footnote 1, above.

No. 202

756D.5 MSP/5-2352: Telegram

The Acting Secretary of State to the Embassy in Indonesia

SECRET PRIORITY WASHINGTON, May 23, 1952—6:22 p. m.

1240. 1. Indo Amb Ali called on Allison May 22 on instrs to state Indo Govt desires:

a. To negot replacement its current MSA agreement under Section 511a with new or modified agreement similar to Burma agreement 511b.

b. To handle question of mil aid under constabulary program "separately from MSA".

2. Amb Ali added that his Govt has decided submit US-Indo Econ and Technical Assistance Agreement (signed Oct 20 [*16*], 1950) to Indo Parliament for ratification. Allison commented he was glad to note this decision.

3. Allison said he had recently discussed with Secy and with MSA Deputy Director Kenney Indo Govt view on MSA as present-

ed above and by Amb Ali May 6 (Deptel 1188)[1] with result he cld state US Govt wld accept in principle a request from Indo Govt along lines set forth by Amb Ali. He declared however that before this question cld receive definitive consideration of US Govt desires of Indo Govt shld first be presented in written form such as note or *aide-mémoire.*

4. Allison added it is US Govt worldwide practice to have MSA negots conducted by Chiefs of Mission in each signatory country and not in Wash. To this Amb Ali replied his instrs are to handle matter in Wash. He said his Govt's motive in this is not "to avoid Amb Cochran" but rather "to avoid embarrassment" which Amb Cochran might feel at being asked amend agreement which he himself had previously negotiated. Allison said he saw no reason expect embarrassment to Amer Amb. He declared that from US Govt pt of view it wld not only be normal procedure to have Amb Cochran handle proposed negots but also particularly desirable in view Amb's long experience Indo and intimate acquaintance MSA issue and all other aspects Indo-US relations. He said he wld of course accept note or *aide-mémoire* (mentioned para 3) if presented by Amb Ali in Wash, and this paper taken in conjunction with Amb Ali's conversations on MSA issue wld serve as preliminary basis for subsequent formal negots between Amer Amb and FonOff Djakarta. Amb Ali said he wld present document for this purpose.

5. Re mil assistance it was made clear that grant aid now being supplied for Indo constabulary (under Aug 16 [*15*], 1950 agreement) wld necessarily be terminated on or before effective date withdrawal Indo assurances under Section 511a. Amb Ali said he understood this and wld submit separate note or *aide-mémoire* setting forth Indo Govt proposals for disposition undelivered balance constabulary aid.

6. Amb Ali obviously reluctant accept decision negots to be conducted and concluded Djakarta, but expressed his pleasure at being able report Allison's closing observation that Allison sees no reason anticipate any great difficulty in reaching new or modified MSA agreement.

7. It was agreed that when proposed Indo communications (re para 4 and 5 above) have been presented to Dept, US Govt reply will est basis for negots Djakarta.

8. It is opinion of Dept and MSA that publicity on these and ensuing US-Indo discussions re MSA shld be avoided in interest effective negots.

BRUCE

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[1] Document 200.

No. 203

756D.5 MSP/6-652: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, June 6, 1952—6:18 p. m.

1290. 1. Fol memo addressed May 12 by Lincoln Gordon, Office of Director Mutual Security, to Allison "I understand impression has erroneously been created and communicated to Djakarta that deliveries mil assistance to Indo if provided on reimbursable basis under 408(e) MDA Act wld have lower priority than same items if delivered as grant assistance. This impression, although understandable, not correct.

"The priorities policy on mil assistance recommended by JCS and approved by Secy Defense explicitly applies to assistance under 408(e) on same basis as to grant assistance. Priorities are determined by importance of the requirement and the relative time urgency of fulfilling that requirement, to the security of the US, and are not affected by question of reimbursement. You will of course understand absurdity of a policy of automatically giving lower priority to cases where US is repaid.

"Correctness this clarification has been confirmed by Defense. I wld appreciate it if you wld arrange to remove any misunderstanding in minds our officials in Djakarta which may exist on this pt". Substance this para rptd in ltr May 23 Gen Olmsted (signed Harvey Fischer) to Col Nestlerode MAAG Chief Indo.[1]

2. It has been recognized Indo is easily able pay for mil supplies including approx two million dols worth equipment as yet undelivered under five million dol constabulary program. Therefore any mention reimbursable aid this connection has been made by Dept only as related to much more significant problem of determining manner in which Indo ability to obtain mil equipment from US might be affected by Indo shift from 511 (a) to 511 (b). Dept has conveyed to Emb impression that priorities more easily granted for defense items destined to our allies and to 511 (a) countries than to other countries. Defense Dept and DMS now inform Dept on this important pt as fols:

a. If Indo Govt with US consent replaces Indo Jan 5 commitments under 511 (a) with commitments acceptable only under 511 (b), this wld in itself have no legal effect in determination of "importance of requirement . . .[2] to the security of the US" (re DMS criterion stated para 1). In addition so far as is now foreseeable, shift from 511 (a) to 511 (b) wld not in itself have any practical effect on priorities any mil equipment which Indo govt may wish obtain from US. Always possible that US Govt's overall evaluation strategic importance arming Indo cld change result pol mil developments. For time being, however, change in priority status Indo not anticipated if 511 (b) substituted.

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[1] Not printed. Maj. Gen. George H. Olmsted was Director of the Office of Military Assistance, Office of the Secretary of Defense.

[2] Ellipsis in the source text.

b. Drop from 511 (a) to 511 (b) expected have no effect on timing deliveries balance mil aid under present constabulary program assuming Indo expeditious compliance necessary requirements for 408(e) transactions. Further tel re eligibility requirements for reimbursable and under 408(e) follows shortly.[3]

3. Pls convey above info ur discretion to Indo auths in order eliminate any misunderstandings concerning priorities such as suggested third para Embtel 1736 May 29.[4]

ACHESON

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[3] Not printed.

[4] The third paragraph of telegram 1736 seemed to convey the understanding of some Indonesians that substitution of a 511 (b) for a 511 (a) agreement would involve the loss of highest priority for police and other defensive or support equipment being supplied by the United States. (756D.5 MSP/5-2952)

No. 204

756D.21/6-1652: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, June 16, 1952—5 p. m.

1809. In response request from FonOff explained informally to SYG Darmasetiawan June 12 gen idea trans MSA to TCA (Embtel 1792).[1] Cabinet mtg planned for deciding reply to be given 19th by govt to Parl postponed from 13th to 17th because illness FonMin Mukarto and lack progress preparing for statement. Anticipate govt will not take sufficiently clear-cut position on MSA assurance or change to TCA in its statement to make this basic issue in vote confidence and that any expansion over previous statements will only increase confusion. Govt may not even ask vote of confidence but simply "permission for govt to carry on".

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[1] Not printed. Following enactment of the Mutual Security Act of 1952, approved by President Truman on June 20, 1952 (66 Stat. 141), MSA was required to discontinue its economic aid programs as of June 30 in countries such as Indonesia where there were no longer any military aid programs. Responsibility for the economic assistance programs was to be transferred in such countries to the TCA. See also telegram 1354, *infra*.

After witnessing three successive Indo Govt's failures submit ECA agreement for ratification and two flounder over question TCA [*MSA*?] assurances, I am convinced that no real decision will be taken and that only delay, confusion, misunderstanding, and recrimination will result unless US seizes initiative and shows way out of impasse—witness record of past five months. I realize attempt US force issue may result in unfavorable Indo decision but feel even unfavorable decision has real advantage over continued confusion.

I believe prelim decision necessary on part of US re minimum objectives Amer aid programs for Indo. If minimum objective is merely to keep the program going in hope it eventually generates its own support, then US shld make no move risking unfavorable Indo decision but rather encourage avoidance real issues. I realize that from point view of world-wide MSP objectives, there may be justification for merely avoiding termination Indo program and am ready fol instrs to that effect. But I believe continuation program that basis undermines rather than strengthens Amer objectives and prestige within Indo and I recommend strongly against it. If minimum program objectives are, as I believe, to contribute to internal strength of friendly nation and to enhance possibility Indo-Amer friendly coop, then I recommend fol positive procedure. Promptly after US Pres signs pertinent US legis and Indo Govt receives vote confidence or equivalent, Emb shld present to FonOff very carefully worded note including the following:

1. Notification to Indo Govt of change effective July 1 from MSA to TCA in US aid for Indo. Emb assumes from Depcirctel 1032 that Dept is already preparing such statement and awaits receipt.[2]

2. Review of historic development US aid program to Indo to show stages thru which program has passed, amt and type of aid already given, several agreements already entered into, and natural evolution from ECA to MSA to TCA.

3. Explanation that change from MSA to TCA is mandatory under US legis, that TCA is integral part of MSP program, shares its philosophy and objectives, involves assurances under terms of MSA Act of 1951, and implies voluntary request and support on part of participating nations.

3. [*sic*] Explanation to Indo Govt that in view of uncertainty as regards Indo attitude, as reflected by informal Indo advances made in Wash, US Govt feels it shld not risk embarrassment either to itself or to Indo by activating TCA program for Indo before it is officially informed by Indo Govt whether there now exists or can be created in Indo the legal and psychological basis for a worthwhile program. Specifically US Govt suggests that prior to any new TCA

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[2] Telegram 1032 is not printed. The text of a statement on the transfer from MSA to TCA, dated July 3, is printed in Department of State *Bulletin*, July 14, 1952, p. 61.

program undertakings, it is necessary for Indo Govt either (a) clearly to confirm past agreements (ECA basic agreement of 1950, MSA assurances of 1952) concerning validity of both of which from Indo point of view serious question has been raised, or (b) formally to undertake negot of new agreement under MSA Act of 1951 and to give such mutually satis new agreement as may be reached, accepted legal status in Indo by Parl ratification or whatever other process is judged adequate.

4. Renewed expression of Amer willingness to engage in coop program of econ and technical assistance for Indo provided that Indos themselves demonstrate that they actively approve and support program. Reiteration that from Amer side there are certain limitations already placed upon program by Cong legis, that from Indo side, certain conditions use logically to be expected, and that mutually agreed upon terms of coop must conform not merely to one or the other but to both Amer and Indo tin policy positions.

5. Notification to Indo Govt that this note will be published by US on June 30 together with any reply that may be received by that date; that note itself will be published on that date if no reply yet received; and that Indo Govt is free at any time to publish note and, of course, its own reply.

I cannot predict that Indo Govt will give clearly favorable, clearly unfavorable, or indeed any reply at all to such. But I feel that by thus getting the Amer position on the record in a manner that will lead to widespread local publicity, we stand our best chance of having the inevitable continuation of local debate directed toward relevant rather than irrelevant and deliberately distractionary [*distracting*?] issues. And I believe that by clearly making the TCA program contingent upon some clarification of Indo stand and some indication of Indo support, we gain a chance of achieving a meaningful and popular program. At worst, I believe that this formula gives face-saving escape for both Indo and US—in other words, the natural death of the program for lack of Indo effort at revival. Indos prefer in this order: No decision, decision thrust upon them, decision implicit in not deciding. This formula provides for either of last two, and local pressures resulting from publication of note may weigh in favor of taking the decision suggested to them.

I request Dept comment and decision. Wld draft note in such manner let it be understood US position necessitated legal requirements and am endeavoring avoid impression undue pressure or impatience. Will appreciate Dept's draft or suggestion. I make this recommendation because I feel it is absolutely imperative we get this business on legal and moral basis before proceeding with new aid program under State Dept responsibility, and that Indo Govt indicate it actually wants such aid.

COCHRAN

No. 205

756D.5 MSP/6-1952: Telegram

The Acting Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, June 24, 1952—1:38 p. m.
PRIORITY

1354. For Embassy and STEM.

1. Dept appreciates Ambs views re desirability clarification Amer econ aid situation Indo (Embtels 1809 and 1825).[1] As first step toward goal clarification, Dept concurs ur opinion that a note shld be presented to Indos. This note shld (a) explain legislative and administrative basis US tech and econ aid program to Indo; (b) arrange for mtg Amb and TCA Administrator to discuss subj with Indo officials; (c) on basis (a) and (b) elicit Indo views such aid. Nature further steps will be determined by Indo reactions to above.

2. In light of para 1 and for fol reasons, draft note submitted Embtel 1829[2] not considered suitable:

a. MSA act does not explicitly provide for transfer Indo AID program to TCA. Transfer is required by lapse of authority of ECA Act of 1948[3] for programs other than in support of mil effort. Legislative history, especially House Report, makes clear Congressional intent is transfer program TCA.

b. Indo Govt (as distinct Indo press) has not to Dept's knowledge questioned econ and tech aid program. Approach made by Ali re sec 511 was in terms possible request for Burma formula 511 (b) which wld cover econ and tech aid.

c. No new program is inherent in MSA-TCA transfer and Indo Govt aware of this. Holdup of TCA aid wld probably be considered as penalty for Indo difficulties under sec 511 and not as routine requirement US law.

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[1] Telegram 1809 is printed *supra*. Telegram 1825, June 19, again urged the Department of State to approve sending to the Indonesian Government a note along the lines suggested in telegram 1809. (756D.5 MSP/6-1952)

In a memorandum of June 20 to Allison, Samuel T. Parelman, Special Assistant to Allison for Far Eastern Regional Programs, made the following comment regarding telegram 1809:

"It is my humble view that the transmittal of a note to the Indonesian Government along the lines contained in the suggested note from Djakarta could result only in achieving the crystal clear objective of the Ambassador, 'the natural death of the program'.

"I do not see why the Ambassador finds objectionable a United States decision to keep the program going. I think that the Ambassador is confusing the antagonisms which have arisen between himself and portions of the government with a view that this represents basic antagonisms between the Indonesian Government and the United States Government on the issue of the continuation of an economic assistance program." (756D.21/6-1652)

[2] Not printed. The draft note follows the outline of telegram 1809. (756D.5 MSP/6-2052)

[3] 62 Stat. 137.

d. Relationship shld be understood between over-all Mutual Security Program and specific programs under Act for Internatl Development (AID).[4] Latter is basic legis under which TCA operates. Mutual Security Acts 1951 and 1952 in part modified AID and authorize appropriations for AID but do not supersede it. Mutual Security Acts are omnibus fon aid legis including mil and econ aid and even US contribution to UN technical assistance. Of course, assurances under sec 511 (b) of MSA required for extension aid by TCA. Assurances under 511 (a) needed if mil grant aid also extended. (For urinfo it shld also be noted, for sake completeness rather than because of any proposed application to Indo, that new law provides that up to $20 million to individual country and not exceeding $100 million globally may be extended by US without regard to conditions of eligibility Mutual Security and underlying Acts, e.g. need for obtaining sec 511 assurances, shld the Pres determine that such is important to security of US.)

e. Objective of AID as stated secs 402 and 403 is to promote "econ and social progress". To this purpose Mutual Security Act 1951 (sec 2) adds objective "to maintain security and to promote fon policy of US". MSA objective shld of course not be disguised, but it shld not be overemphasized at risk of obscuring AID objective in Indo.

f. Dept does not wish at this stage express to Indos any Amer attitude re AID program other than factual exposition legislative and administrative basis thereof. Neither does Dept wish at this stage use tactics suggesting deadline.

3. Emb shld present note FonOff along fol lines:

"MSA Act of 1952 was signed by Pres June 20 and became effective that date. Under this legis auth contained in Econ Coop Act of 1948, as amended, under which Mutual Security Agency has been operating in Indo and Burma terminates as of Jun 30, 1952. (This decision in accordance sec 503 Mutual Security Act approved Oct 10, 1951.) Thereafter Mutual Security Agency can administer only programs of econ assistance which are designed to sustain and increase mil effort in countries receiving US grant mil assistance or which are necessary to carry out mutual defense programs. However, Govt of US is prepared to continue making available to Indo technical aid for econ development under Act for Internatl Development which is administered by the Technical Coop Admin (TCA). Accordingly TCA has been authorized to administer the program of technical and econ coop with Indo. TCA is the agency which carries out so-called US Point Four Program throughout world and is already administering technical coop assistance programs throughout Near Eastern Asia, Africa, Latin Amer and Southern Asia, including such countries as India and Pakistan. No basic changes anticipated in nature Indo program.

"In opinion of US Govt the Econ and Technical Bilateral Agreement of Oct 16, 1950 with Govt of Indo wld be adequate to cover the extension of technical aid by TCA. No new bilateral agreement wld be necessary.

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[4] Approved June 5, 1950; 64 Stat. 204.

"The Hon Stanley Andrews, Administrator of TCA, is expected to arrive in Djakarta shortly after Jul 1. At that time Amb of the US wld request opportunity, together with Administrator, of reviewing with Indo Govt US econ and technical grant aid to Indo and of discussing the views of the govt of Indo re nature and scope of the program of TCA from July 1, 1952 to June 30, 1953. The Amb and Andrews will at same time be pleased to answer any questions which may assist in clarifying for Govt of Indo the administrative and legal factors affecting a program of econ and technical assistance administered by TCA, as well as any question re the nature of such a program.

"Govt of the US will appreciate a reply giving the views of Govt of Indo regarding the arrangements proposed above re Mr. Andrews visit.

"US Govt hopes this note together with conversations between Govt of Indo and Amb and Andrews will clarify for the Govt of Indo the administrative and legal changes in US administering auth, and will look forward to a reply by Govt of Indo expressing its views re a program of econ and technical assistance coop with Indo as administered by TCA."

Specific objectives above approach (paras 1 and 3) to Indos at this stage are: (1) to clarify for Indo Govt legislative and administrative status econ and technical aid program; (2) to clarify for US Govt Indo Govt's attitude toward this program, as step toward assessing program's value to US policy vis-à-vis Indo; (3) to gain this mutual clarification in manner calculated not to embarrass non-Commie Indo Govt, and to give both Govts dignified opportunity to consider whole question Amer aid; (4) we wish avoid any connection in minds of Indos between formal transfer of program from MSA to TCA and any showdown on Indo attitude toward aid from US.[5]

BRUCE

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[5] On June 30, Ambassador Cochran informed the Department of State that he personally handed to Foreign Minister Mukarto on that day a note based on telegram 1354. (Telegram 1866; 756D.5 MSP/6–3052)

On July 3, Acting Secretary Bruce sent the following letter to Ambassador Cochran:

"As you know from a recent telegram from the Department, Stanley Andrews plans to be in Djakarta early in July. You are also aware, I am sure, that the Department succeeded in retaining responsibility for the Point 4 program in the face of considerable opposition in Washington. In his capacity as Director of TCA Mr. Andrews has the full authority of the Secretary on matters relating to Point 4 and will wish to discuss the Indonesian program with you. I know that you will give him your wholehearted cooperation and the benefit of your judgment.

"Since this program is one of technical assistance, the Department has assumed full responsibility as of July 1. We in the Department are aware of the fact that you had certain reservations about the aid program as previously carried out by the Mutual Security Agency. I know that you and Mr. Andrews will be able to resolve any remaining reservations which you may have, so that there may be a complete meeting of minds and basic agreement with regard to this future program. The Secretary and I count upon you to assist in every possible way.

Continued

No. 206

756D.5 MSP/7-1452: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State[1]

SECRET PRIORITY DJAKARTA, July 14, 1952—5 p. m.

70. Section 1. Andrews and Cochran, accompanied by Provinse, Hagberg[2] and Hanna[3] recd by FonMin Mukarto forenoon Friday 11th with Secy Gen Darmasetiawan, polit officer Rasjid and econ off Zain present. Cochran explained purpose of visit as set forth Emb note June 30 based on Embtel [*Deptel*] 1354.[4]

Indos sought categoric answers to effect that (1) US aid program for Indo automatically transferred to TCA as of July 1, (2) TCA quite outside of and separate from MSA, (3) No agreement required of Indos to receive TCA aid other than 1950 bilateral ECA.

Andrews explained Cong action which removed Indo from MSA field of operations since no defense support involved in program. He said US prepared to carry out through TCA commitments made 1951 and 1952 under ECA and MSA. It was made clear, however, that TCA was not being imposed unilaterally on Indo and that inception TCA functioning and initiation 1953 program thereunder dependent entirely upon answers and attitude Indo Govt following elucidation US position.

Andrews described TCA as instrument for carrying out Pres Truman's original concept of Point Four aid. He said Act for Internatl Development was basic legis under which TCA operates. He said TCA comes within Mutual Security Program and Mutual Security Acts are omnibus measures for all types aid and appropriations therefore.

Cochran stated that no new basic bilateral agreement required to replace that of Oct 1950. He said some exchange of letters might conceivably be required to effect such amendments as developments warranted. He took this precaution since Indos cld look upon simplest exchange of notes as formal agreement requiring parliamentary ratification, and were being very persistent in en-

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"I had hoped that this letter would reach you before Mr. Andrews arrives, but I find that the pouch schedule is such that this is impossible. I have, therefore, asked Mr. Andrews to hand it to you, in order that you may receive it when he is in Djakarta." (856D.00 TA/7-352)

[1] Transmitted in four sections.

[2] Eric Hagberg, Deputy Chief of the MSA Mission in Indonesia.

[3] Willard A. Hanna, Attaché at the Embassy in Indonesia.

[4] Document 205.

deavoring exact categoric statement that "no further agreement required". Cochran also explained that assurances under Sec 511 of MSA Act 1952 legally required for grant assistance of any character whether under MSA or TCA. Andrews asked whether Indo Govt wld be embarrassed by requirements give assurances.

FonMin replied there now exists in Indo Parl, press and public so much adverse sentiment toward anything connected with Mutual Security Act that any ref to MSA wld constitute such insuperable obstacle to acceptance TCA that his govt wld not be willing to recommend it. FonMin said that while he himself favored US aid he cld not ignore psychological factors of Indo.

Section 2.

Cochran asked if this meant unwillingness to go along with informal approach Ali had made toward possibly seeking substitution of Burma type 511 (b) for 511 (a) assurances given by Indos. Darma said that Indo position had shifted just as US position has changed through legis necessitating transfer Indo from MSA to TCA operating field. Andrews stressed fact growing satisfaction many other sovereign states with TCA programs and their declining unhappiness over having been obliged give any assurances.

Zain proposed "neutral" form reply to US approach. He wished eliminate all ref to Mutual Security Act, Mutual Security Program, 511 (a) 511 (b) and so on, and confine himself solely to mention of UN as he said Burma had done. He thereupon read a draft note of which no copy was given. Note referred to recent conversations between US and Indo Govt officials and to agreement Oct 1950 which Indo Govt regarded basis for receipt of aid. It continued that Indo Govt reaffirmed its adherence to principles of UN Charter and its intention work through UN for preservation world peace and friendship. Zain asked whether such note wld be satisfactory to US Govt for continuation of aid.

Cochran replied that he wld submit to Dept for consideration whatever reply Indo Govt might care to give. He remarked that this draft made no reference to Emb note of June 30. He was not clear whether "conversations" were those held in Wash or Djakarta or both. He uncertain whether his govt wld accept such note in lieu separate communications, one of which shld constitute a formal 511 assurance of some type and the other a reply to Emb note of June 30. Cochran stressed his sincere desire find basis for working out useful aid program for Indo in such manner as to end mutual embarrassments.

Hanna pointed out that if such letter were accepted it wld have to be as an assurance under 511 (b) and so reported to Cong. This cld not be hidden.

FonMin said he wld have to clear letter with Cab. If cleared by Cab and accepted by US he wld be ready submit it to Parl for approval. Cochran reminded him that 1950 agreement still not ratified. FonMin said wld submit it well as letter.

Darma interposed to stress difficult political-psychological factors with which Indo Govt has to contend.

Andrews then inquired whether, speaking quite frankly, it was wish of Indo Govt, since program causing so much embarrassment, that it be stopped.

Section 3.

Zain summarized situation thus:

1. So far as Indo Govt concerned, 511 (a) agreement still valid.
2. On Amer side program now shifted from MSA to TCA, thus introducing new factor into situation.
3. Projects are already underway in Indo. Program, he said can continue. What is necessary now is some polit maneuvering.

Andrews remarked he was interested in program of tech coop and wished it cld be removed from politics. He stated for such program to work, two nations must work together. It was case of working together or dissolving program.

Zain said program cld proceed, or if US Govt preferred, it cld stop program for time being and await developments.

Andrews stated US Govt prepared to carry out all its commitments or it was prepared to stop program "as of today" depending upon expression of desire on part Indo Govt.

Cochran inquired whether he cld expect hear further on subj prior to departure Andrews on Tues morning 15th. He inquired whether matter wld be submitted to Cabinet for decision prior 15th.

FonMin Mukarto said it was impossible Cabinet shld reach decision so soon, but Cochran wld receive some indication of attitude prior to Andrews' departure, since Mukarto wld consult at least with PriMin. Perhaps he could consult with Cabinet. Zain said in any event Indo Govt wld give it reply whether program shld continue or not under present circumstances.

Cochran was called to FonOff forenoon 14th and recd by Darmasetiawan with Zain present.

Darma said he was speaking on behalf of FonMin. He said "FonMin reviewed our conversations of 11th with PriMin. PriMin supported FonMin's opinion that it wld be hard to accept even 511 (b). This will be sense of FonMin's report to Cabinet. Question still open was to sending letter of neutral type as drafted by Zain." Cochran told Darma he would forward promptly to his govt such communication as he might receive after Cabinet decision. Cochran had with him Deptel 52 and recounted discussion of points raised in conversation between Allison and Indo Amb on US econ aid to Indo.[5] Cochran asked Indo views on publicity with respect Andrews visit. Darma said his Min had told press who attended mtg 11th and wld announce today that Cochran had been asked to return for "further clarification." Darma asked that Andrews and USIS give out nothing further. Darma's desire is to leave "situation entirely open".

Section 4.

Indo Govt faces dilemma of following character. It anticipates early attack on Parl on ground it is still accepting US aid under MSA terms which contributed to downfall predecessor govt. Furthermore it is faced with question whether it shld now accept TCA if this cannot be shown to have no connection whatever with Mutual Security Program Act or assurances. Govt will likewise face attack if it repudiates US aid in situations of extreme internal insecurity for which at least police equipment urgently needed and in situation declining economy which cld be somewhat alleviated by US technical assistance now being proffered. Even if letter such as Zain suggested shld be accepted by US it wld undoubtedly be seized upon sooner or later by Indo press and govt opposition as indicating continuing effort weak govt to fool country and US wld be charged with connivance therein.

Cochran and Andrews are instructing country TCA mission leave 1953 TCA program in abeyance pending clarification above issue of letters, ratification of accords, decision on allocation of funds and receipt Wash's pertinent instructions.

With respect Deptel 52, Andrews and Cochran agree that US Pres shld not be asked declare that application 513 MSA Act 1952 to Indo justified on basis of importance to security of US. Such application with respect either to waiving all assurances or to granting funds wld leave Indo Govt open to charge by opponents that it is still pledging defensive support to US.

Andrews and Cochran both believe helpful program of pure technical assistance for fiscal year 53 be provided Indo for $3.1 million[6] and request no exceptional treatment for Indo. They think fixing of this figure shld be announced soonest.

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[5] During the conversation on July 10, Ambassador Ali accepted for his government the expressed intention of the Department of State to hold the discussions on a new MSA Agreement in Djakarta. He also expressed disappointment at the possibility that economic aid in fiscal year 1953 might be cut from $8 to $5 million and asked if section 513 of the MSA Act of 1952 could be applied to Indonesia for purposes of increasing economic aid to his country. Allison expressed doubt that this could be done. (Telegram 52, July 11; 756D.5 MSP/6-3052)

[6] This conclusion was communicated to the Department of State in telegram 66 from Djakarta, July 14. (890.00 TA/7-1452)

COCHRAN

No. 207

756D.5 MSP/7-1452: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET
PRIORITY

WASHINGTON, July 15, 1952—7:15 p. m.

70. Dept appreciates Emb's delineation Indo Govt's dilemma with regard to contd acceptance Amer econ and technical aid (Embtel 70 Jul 14 sec 4). Emb's report of conversations between TCA Administrator and Amb Cochran with Indo FonMin and other high officials throws into sharp focus Indo Govt's desire for contd Amer econ and technical aid, as contrasted with that Govt's real polit difficulties in mtg concomitant conditions such as compliance with sec 511. Dept strongly concurs in desirability, stressed by Amb to Indos, of finding "basis for working out useful aid program for Indo in such manner as to end mutual embarrassment" (reftel sec 2).

Dept tentatively agrees with Andrews and Cochran (Embtels 70 and 66 Jul 14)[1] that helpful program of assistance in FY 53 cld be provided amounting to approx \$3.1 million. Chief polit liability faced by Indo Govt in this connection appears to derive from widespread belief that acceptance of Amer aid means acceptance of tie with US. For this very reason discontinuance of Amer aid, whether primarily on Indo or Amer initiative, wld be equally widely regarded as weakening of ties between Indo and US. Dept therefore hopes that any break in continuity Amer economic and technical aid program in Indo will be avoided.

ACHESON

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[1] See footnote 6, *supra*.

No. 208

756D.5 MSP/7-1452: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, July 17, 1952—11:30 a. m.

83. 1. Pursuant views expressed Deptel 70 Jul 15 and in response your request (Embtel 70 Jul 14 sec 4) for pertinent instrs, Dept notes Indo FonMin stated in mtg Jul 11 that he favors continuation US aid, that Zain came to mtg with draft "neutral" ltr as basis for continuation US aid, and that "question still open as to sending ltr of neutral type as drafted by Zain". Dept believes Indo problem re continuation Amer econ and technical aid may be solved through use Note similar to above ltr in which Indo Govt wld give assurances which without specific mention MSA or sec 511 wld be acceptable to US Govt under sec 511 (b) along line Burma agreement (Deptel 823 Feb 4).[1] Such Note wld be adequate to permit continuation of TCA program under sec 511 (b) regardless of continuation Indo Jan 5 agreement under sec 511 (a). Suggested draft acceptable Note follows:

"Excellency: I have honor to refer to US Govt Note Jun 30 and to subsequent conversations between reps of our Govts relating to effect of recent legis by Cong upon auth of US Govt to continue furnishing assistance under Econ Coop and Technical Assistance Agreement with Republic of Indo (RI) signed Oct 16, 1950. It is noted that auth of Mutual Security Agency of US Govt has been modified to permit that Agency administer only programs of econ assistance which are designed to sustain and increase mil efforts in countries receiving US grant mil assistance or which are necessary carry out mutual defense programs. It is consequently understood that MSA no longer authorized administer econ and technical aid program in Indo. It is noted that US Govt is prepared continue making available to Indo technical aid for econ development under Act for Internatl Development which is administered by Technical Coop Admin (TCA) of US. It is further noted that in US Govt's view econ and Technical Bilateral Agreement Oct 16, 1950 between our Govts wld be adequate to cover extension technical aid by TCA, apart from some possible minor technical modifications.

"Indo Govt plsd to advise US Govt that arrangements referred to above are acceptable.

"In this connection, Indo Govt reaffirms it will act in conformity with its obligations under UN Charter and in accordance with principles and purposes of UN Charter in promoting internatl understanding and goodwill, and maintaining world peace and eliminating causes of internatl tension.

"Pls accept, Excellency, renewed etc."

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[1] Not printed.

2. Dept notes that Indo Govt intends to seek "further clarification" with Amb Cochran. When this clarification is sought, or more immed in response to above proposal made by Zain, Amb is requested inform Indo Govt substance para 1 above, unless Amb perceives strong objection.

3. Dept notes further (reftel sec 4) Emb belief Indo Govt will face attack if it "repudiates" US aid in situation "for which at least police equipment urgently needed". If Indo Govt were to shift from 511 (a) to 511 (b) with US consent, this of course wld not constitute "repudiation", and Indo Govt wld be able to defend its action by pointing out that shift wld not in itself affect availability Amer mil assistance, either with regard to priorities (Deptel 1290 June 5 [*6*]) or Indo eligibility for reimbursable aid (Deptel 1330 June 17)[2] although shift wld of course require term grant mil aid. If Emb considers Indo Govt has any misunderstanding this subj, pls attempt clarify.

ACHESON

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[2] Not printed.

No. 209

856D.00 TA/7-2152: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, July 21, 1952—1 p. m.

128. With ref Deptel 70[1] believe Andrews, Provinse and Williams will confirm upon their return US that (1) Amb and Emb staff are endeavoring seriously and conscientiously to preserve aid program for Indo on helpful basis and to free it from polit and other frictions, (2) that Hagberg and TCA staff are receiving full support and cooperation and (3) that entire org working concertedly toward achieving success in US relations with Indo. Last aim requires maintaining that degree of dignified self-respect and honorable conduct of relations expected of a great power, well as that unity of purpose and unquestioned loyalty that shld characterize any US rep abroad.

Understand explanations set forth in paras 1 and 2 of Deptel 95[2] and will await routine announcement FY '53 figure for Indo. Nothing lost in holding '53 program in abeyance for present since carrying out '52 commitments will require months and Indo Govt itself not presently in position, because of polit, budgetary and other problems, to press forward with either '53 aid program or utilization accumulated counterpart.

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[1] Document 207.

[2] In telegram 95, July 18, the Department explained that the figure of $3.1 million for economic aid to Indonesia in fiscal year 1953 was tentative in the absence of any final decisions within the U.S. Government. Consequently any announcement of such a figure would be premature. (756D.5 MSP/7-1452)

Assure Dept, with respect Deptel 83,[3] that I have given Indo every proper clarification on priorities, eligibility for reimbursable aid and my readiness to forward promptly either previously suggested request for substitution 511b for 511a or more latterly conceived Zain "neutral" letter. Understand however that FonOff itself has advanced opposition to letter of Zain type, that he himself no longer pushing idea and that one Cabinet member has recently prepared paper in defense original 511a agreement. I cannot predict whether, how or when paper may be used.

Politically minded Indo officials and friends have advised Pelet Indos work out MSA-TCA problem in their own tortuous way and their own time. They thought Andrews and I with our supporting associates did everything last week that cld have been expected and that we were really helpful in clarifying Indo Govt understanding.

While I recommended July 1 as date by which we shld have requested definite commitment as to how Indos stood on ratification 1950 ECA bilateral, 511 assurances and transfer from MSA to TCA. I have not questioned Dept's contrary decision. I sincerely trust Dept will in turn appreciate and respect my strong objection now to guiding Indo Govt to point of presenting it with a draft reply.

Wilopo Govt still insists 511a assurances given by Sukiman Govt valid. Both they and we know agreement this type can best serve their present and prospective needs. Difficulties of either sustaining or changing assurances realized on all sides. I cannot emphasize too strongly, however, that Indos wld regard as interference rather than as assistance another move on our part prior to their promised response to our earlier moves. Consequently I recommend that we wait quietly and patiently for them to make their own decisions.

COCHRAN

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[3] *Supra.*

No. 210

756D.5 MSP/7-3052: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET
PRIORITY

WASHINGTON, July 30, 1952—5:03 p. m.

152. 1. Indo Amb Ali Jul 28 delivered note same date to Asst Secy Allison pursuant Ali's oral undertaking May 23 to present written expression Indo Govt position re Amer aid so that US reply thereto may "establish basis for negots Djakarta" (Deptel 1240 May 23). This Note, (para 2 below) proposes draft agreement, almost identical with Burma agreement, which wld be acceptable under 511 (b) (Deptel 83 Jul 17) except for certain phrases in Note's introductory paras. Allison and Ali in mtg July 29 (paras 3-7 below)[1] agreed temporarily regard this Note as informal and unofficial while latter seeks further instrs his Govt.

2. "Indo Amb presents compliments to Hon SecState and refers to his recent conversations with Asst Secy for FE Allison concerning question of MSA Agreement between Indo Govt and US Govt of Jan. 5 1952.

"Indo Amb wishes reiterate that Indo Govt, although willing to continue acceptance of technical aid for econ development from US Govt, cannot agree that such aid be based on sec 511 (a) or (b) of MSA Act of 1952. Realizing that term of aforementioned agreement will meet with difficulty, due to fact that exchange of letters between the two Govts on Jan 5, 1952 also contains provisions re agreement of Aug 15, 1950 on assistance in form of constabulary equipment, Indo Amb informs Hon SecState that it is opinion of Indo Govt the difficulty can be overcome by separating constabulary agreement from that of agreement on Technical Aid for Econ Development.

"Since US Govt is prepared continue making available to RI technical aid for econ development under Act for Internatl Development which is administered by TCA, and is of opinion that Econ and Technical Bilateral Agreement of Oct 16, 1950 with Indo Govt wld be adequate to cover extension of technical aid by TCA, Indo Amb therefore has honor to submit herewith to Hon SecState the proposal of Indo Govt that MSA Agreement between Indo Govt and US Govt of Jan 5, 1952 be terminated, with understanding that constabulary agreement of Aug 15, 1950 will still be valid and not related to the MSA (Act). As to technical aid for econ development

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[1] Transmitted in telegram 153, *infra*.

Indo Govt wishes this to be contd under a new exchange of letters which will not be based on MSA Act of 1952.

"In order to overcome difficulty prevailing in Indo at present time concerning question of Technical Aid for Econ Development under MSA Act of 1952, and in anticipation of attitude of Indo Parliament in this matter, Indo Amb informs SecState that it wld be satis to Indo Govt if, in the new exchange of letters, the obligations to be undertaken by RI in this matter be worded as follows:

> 'I have honor refer to conversations which have recently taken place between reps our two Govts relating to program of Econ and Technical Coop carried on by US Govt and Indo Govt within framework of Econ and Technical Bilateral Agreement of Oct 16, 1950. I also have honor to confirm the understanding reached as a result of these conversations as follows:
>
> 'Indo Govt reaffirms that it will act in conformity with its obligations under UN Charter and in accord with principles and purposes of UN Charter in promoting internatl understanding and goodwill in maintaining world peace and eliminating causes of internatl tension.
>
> 'I have the honor to propose that if this understanding meets with the approval of US Govt, the present note and your note concurring therein will be considered as confirming this understanding, effective on date of your note'.

"Indo Amb proposes to SecState that above-quoted text be incorporated in an exchange of notes between reps of both Govts. As to Econ and Technical Bilateral Agreement of Oct 16, 1950, Indo Amb informs SecState that Indo Govt will submit that agreement to Indo Parliament for ratification.

"It is sincere hope of Indo Amb that the proposal of Indo Govt submitted herewith will be acceptable to US Govt."

ACHESON

No. 211

756D.5 MSP/7–3052: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET
PRIORITY

WASHINGTON, July 30, 1952—5:04 p. m.

153. 3.[1] Jul 29 Allison informed Ali that draft agreement proposed by Indo Govt (as set forth in para 5 Ali's Note Jul 28) wld in itself be acceptable under sec 511 (b) of MSA Act and satis to US

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[1] This telegram is a continuation of telegram 152, *supra*.

govt, but that its acceptability seriously diminished by fol introductory phrases used in Ali's Note:

a. First sentence second para " . . . Indo Govt although willing to continue acceptance of technical aid for econ development from US Govt . . . ". Ali said difficulty may have been caused by his lack facility English language. He said he had not meant imply any lack real desire on part Indo Govt for Amer technical aid, and in fact his Govt wishes such aid continue.

b. First sentence second para "Indo Govt . . . cannot agree that such aid be based on sec 511 (a) or (b) . . . ". Also, last sentence third para " . . . new exchange of letters which will not be based on MSA Act".[2] Allison stated that both of these references to MSA unnecessary and wld very probably prevent US Govt from regarding Indo draft note as conforming see 511 (b) MSA Act.

4. In this connection, Ali stated he had recd strict instrs from his Govt to present a note which made clear that chief Indo difficulty is with MSA Act. He said it wld be most helpful if his Govt cld report to Indo Parliament that it is "in no way bound" under MSA Act. If such a statement cld be made, he said it wld "solve all our problems about MSA". Allison replied that no sovereign state is "bound by" legis of another. He said that if US Govt chooses to consider that proposed draft Indo note meets purposes of sec 511 (b), this is unilateral US decision taken on sole responsibility US Govt. Similarly, if Indo Govt decides present draft note, this wld be unilateral decision Indo Govt and Indo Govt wld be "bound" only by existing Econ and Technical Bilateral Agreement and to commitments specifically made in proposed draft. It was pointed out that latter commitments consist entirely and solely of reaffirmation of existing Indo internatl obligations.

5. Ali replied that he understood Indo Govt cld say to Indo Parliament that ECA Bilateral of Oct 1950 and proposed exchange of ltrs wld be entire extent of Indo commitments to US re technical aid. It was suggested to Ali that there are several alternative methods of handling new agreement. One such alternative wld be possibility use text of proposed exchange of notes as amendment to Econ and Technical Bilateral, and subsequently withdraw Jan 5, 1952 agreement in separate exchange. Ali stated he wld want to give further thought to entire problem but that he did not believe there wld be difficulty in reaching mutually satis solution.

6. Ali volunteered his understanding that his talks at Dept only exploratory and that final agreement to be handled Djakarta. It was agreed by Allison and Ali that latter's note of July 28 wld be temporarily regarded as informal and unofficial provisional draft and that Ali wld consult with his own Govt and wld confer later

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[2] All ellipses are in the source text.

with Dept re alternative note. Allison gave Ali informal paper containing suggestions for possible use this connection, being supplied Emb in separate msg.[3]

7. Re mil assistance, Ali emphasized its Govt's desire continue Constabulary Agreement of Aug 15, 1950 and his Govt's understanding that grant assistance thereunder wld necessarily term on date Indo-US Jan 5 Agreement replaced by new exchange notes under sec 511 (b) instead of 511 (a). Ali said he understood undelivered balance constabulary equipment wld be made available his Govt on reimbursable aid basis: "My Govt wld pay cash to your Govt". Allison replied this correct (para 3 Deptel 83 Jul 17), although it wld probably be necessary to receive written request for this purpose from Indo Govt, and certain legal assurances in Jan 5 Agreement wld probably have to be supplied in other forms. Allison added, with specific ref to third para Indo Amb's note, that Constabulary Agreement Aug 15, 1950 may continue valid until terminated by an option either party three months notice, but that statement Constabulary Agreement, "not related to MSA", is possibly ambiguous. Obviously any implementation this Agreement wld be subj to provisions of MSA Act.

8. In subsequent comment to Dept officer, Ali said he felt much reassured by Allison's exposition of precise limits to which Indo wld be "bound by" proposed new agreement. He said, "I hope I can make my Govt understand this". He gave strong impression sincere desire avoid break in continuity technical aid program.

ACHESON

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[3] Not printed.

No. 212

856D.00 TA/8–2852: Telegram

The Acting Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, August 28, 1952—7:52 p. m.

319. For the Ambassador from Allison. I have been increasingly concerned over situation in Indo as reflected in ur recent msgs and implications of lack of any further communication from Indo Govt re possible alteration of Jan 5 Agreement. Ur 410 and 411 of Aug 28 seem particularly significant.[1] We hoped that figure of 3.1 mil-

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[1] Telegram 410 reported heavy criticism in the Indonesian press of reports that Andrews had stated that only $3.1 million would be available in TCA aid to Indone-

Continued

lion dols TCA aid available this year not be disclosed until proper preparation cld have been undertaken by you along lines of presenting 1953 program primarily in terms of content rather than dol limitations. It was also believed that considerable emphasis cld be placed on undelivered carryover from FY 1952 so that emphasis in Indo cld be on effective types of projects being undertaken with result that cut in funds wld not seem so abrupt. Tel will follow.[2] Program presented by ur despatch 150 of Aug 12[3] generally in accord with my ideas. I agree every effort shld be made to transfer where practicable projects in fields education, public health, labor and public administration to other agencies such as Ford, Rockefeller or better still to Indo Govt itself. However, believe it important, particularly in fields education and labor that there be no abrupt termination of these programs and therefore suggest that while every effort be made to transfer responsibility for them elsewhere, sufficient funds be allocated to program so that if absolutely necessary they cld be continued for at least remainder of FY 1953.

In view of lapse of one month since last overtures by Indo Amb on possible revision sec 511 Agreement and lack of any further developments in Djakarta since July 14, shld we not proceed on assumption that Jan 5 Agreement remains in force and therefore resume discussions with Indonesians on development of FY 1953 program? This long delay in any further action by the Indo Govt together with such events as reported in ur 411 lead me to wonder whether or not Indo Govt is not beginning to reconsider its attitude toward 511 (a) Agreement and in fact looking for some way in which to retain Jan 5 Agreement. If such is case, I believe we shld do nothing to make it difficult for this to happen, and in this connection I am not at all certain now is time to inform them of termination of Hatta Agreement as suggested ur 371 Aug 21.[4] I shld think it might be easier for Indo Govt to retain Hatta Agreement, even if necessary to revise it, than to negotiate entirely new agreement for receipt of milit equipment, reimbursable or otherwise. We agree with recommendation in ur 347 Oct [*Aug*] 18[5] that MAAG be

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sia in fiscal year 1953. Telegram 411 indicated that many public figures, including former Prime Minister Sukiman and members of his Cabinet such as Subardjo and Wibisono, had recently spoken out in defense of their negotiation of the Jan. 5 agreement and their policy of non-hostility toward the United States. (856D.00/8-2852)

[2] Telegram 325, Aug. 29, not printed. (856D.00 TA/8-2952)

[3] Not printed.

[4] Not printed. Reference is to the Agreement of Aug. 15, 1950, on provision of U.S. equipment to the Indonesian constabulary, signed by Hatta as Foreign Minister. (TIAS No. 2306; printed in 2 UST 1619)

[5] Not printed.

withdrawn but suggest that gradual and inconspicuous reduction of MAAG personnel as their duties with program are completed and without formal notification to Indo Govt might be best way to accomplish our purposes. We have noted with pleasure that damper on publicity of constabulary program and presence and activities of MAAG group as agreed upon at time of exchange ltrs with Hatta has been successful, and it is believed that gradual phasing out of MAAG group or program will avoid risk of public debates this situation.

At this critical point in Indo-US relations I hesitate to take any action which cld be interpreted as "holding gun to head of Indonesians", although I completely agree statement in ur despatch 150 that we shld not lead Indonesians to believe "they are the center of the universe".

Pls give me ur frank comments on these thoughts and ur opinion whether or not we shld now recommend negotiations with Indonesians on FY 1953 program and inquiring re Indo views on 1954 program on assumption that Jan 5 Agreement continues to exist.

BRUCE

No. 213

856D.00 TA/9-252: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, September 2, 1952—10 a. m.

429. Upon receipt Deptel 325, at 11 a. m., Aug 30,[1] I telephoned FonOff for appointment and was recd by Min Mukarto 11 a. m., Sept 1. I spoke in sense instructed.

Mukarto told me he had given Amb Ali instructions "two or three days ago" to "accept suggestions of Secy Allison". Consequently, he said he expects Ali to proceed with negots wherein:

1. Indo accepts econ and technical aid under TCA based on ECA bilateral of Oct 1950.
2. Indo accepts reimbursable mil aid under Hatta Agreement of Aug 1950.
3. Indo does not accept aid under MSA.
4. Indo does not accept any reference in exchange of notes to 511 a or b.
5. Indo Govt will tell its Parl it has not accepted MSA.
6. US Govt is free to tell Congress Indo has complied with 511-b.
7. FonMin shld be able to conclude this new agreement before he leaves Indo for US approximately Oct 4 to attend UNGA.

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[1] Dated Aug. 29, not printed. (856D.00 TA/8-2952)

Mukarto said he had delayed giving Ali definite decision so that it cld be seen what Masjumi Party conf wld do. He said that in this conf, which ended night Aug 30, compromise had been reached between Natsir and Sukiman group to avoid split in party. As result Mukarto said Sukiman, Subardjo and others of that group, plus Diah of Merdeka, will now cease fighting Wilopo govt on MSA-TCA issue. With Masjumi well as PNI thus behind govt, FonMin said it need fear no attacks on MSA-TCA and other foreign issues when Parl reconvenes this week.

Mukarto said US had been correct in not endeavoring discuss 1953 or 1954 programs with Indos in interim since Andrews' visit. In answer my query, Mukarto said he had not consulted Cab on contemplated exchange of notes following Ali-Allison lines, but had consulted his party well as PriMin, so was sure Cab cld be brought to approve. He volunteered he wld show me pertinent papers after agreement is reached in Washington.

I have opposed continuing grant aid to Indo unless properly requested, basic agreements ratified and Congressional terms for assurances honorably met.

I now recommend:

1. That Indos be informed that if they desire base procurement TCA econ and technical aid on ECA Agreement of Oct 1950 and mil aid upon MDA (Hatta) Agreement of Aug 1950, they shld first negotiate amendment to Hatta Agreement to permit reimbursable aid for mil well as civil police and shld then have Parl ratify both agreements.
2. That Indo be informed question of assurances will be considered once basic agreements ratified.
3. That Indos be informed 5 Jan agreement operative far as US concerned, but that TCA 1953 program can not be recommenced thereunder unless and until Indos request such commencement specifically thereunder, or consummate other arrangements after ratification of two basic agreements above cited.
4. That USIS issue no statements on probable attitude our govt on Indo requests for further Ex-Im Bank credits, admission to Internatl Bank and Fund, or support on claim to West Irian.

Cochran

No. 214

856D.00 TA/9-352: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, September 3, 1952—11 a. m.

435. For Allison from Ambassador. Ref your 319[1] requesting my frank comments on tactics to be followed in Indo aid negotiations.

Embtel 429[2] reported latest developments in negotiations so far as I am aware. To account of my meeting with Mukarto I added recommendations which I felt if followed would protect Department from any possible charge of neglect in seeking proper legal basis for its granting of aid to Indo and in requiring assurances prescribed therefor by Cong.

In view of limited directive I had (Deptel 325)[3] for discussing aid question with Mukarto and fact he had months ago transferred negotiations thereon to Ambassador Ali and Department, I did not feel free to question instructions which he said he had sent Ali or to endeavor ascertain his reaction to any reservations that my govt might see fit to raise, along line of my specific suggestions or otherwise. Mukarto's attitude was certainly one of confidence that Dept would be glad to meet his terms. From Deptels 152 and 153[4] it might be understood that Dept would welcome this among drawn out difficulty being closed by an arrangement such as you and Ali discussed. I am sorry that we have not had opportunity to sit down together to talk over whole case and decide maximum we could feasibly exact from Indos. I have felt it my duty to strive for full compliance with contractual and congressional requirements.

In Embtel 371 of Aug 21[5] I had recommended termination of Hatta agreement. In effort meet opinion set forth in second para your 319 I advanced idea of having Indos amend and then ratify Hatta agreement, rather than insist on new agreement based on latest legislation. I cannot tell how Indos would react to either suggestion until they may be faced with the choice. But I strongly feel that we are leaving ourselves open to trouble if we give any future military aid, either grant or reimbursable, in absence of any Indo ratified agreement that can be and is made public in both countries. We face dangers in either permitting Hatta agreement, within enforceable secret clauses, to serve as base for aid operations beyond constabularly arrangement now being completed, or in having this brought into open for amendment and ratification.

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[1] Document 212.

[2] *Supra.*

[3] Dated Aug. 29, not printed. (856D.00 TA/8-2952)

[4] Documents 210 and 211.

[5] Not printed.

Indos apparently willing finally to submit ECA agreement for ratification if they get what they consider acceptable arrangement on assurances. However, time when we could accept Indo oral undertakings or promises of future action is past. I have repeatedly urged that we assist Indos reach clear cut decisions by obliging them either comply with normal contractual and congressional requirements or have aid terminated.

For US now to accept Mukarto's conditions for Indos accepting our aid may grant short term advantage to Wilopo govt. Whether long term interests of Indo and US relations therewith will best be served by Indo giving up benefits of 511a and appearing before world as irresponsible on contracts is surely open to question. The new arrangement might be an unfortunate precedent for both countries.

Wibisono, Sukiman, Subardjo and Djuanda are among moderate leaders who have recently come out in open favoring orientation toward West and particularly US. Wilopo and Mukarto have also deprecated possibility of obtaining aid from Commies and favored accepting aid from those who can give it. It remains to be seen how sincere Wilopo govt will be in following up more reasonable attitude toward US. Admitted disillusionment over possible benefits from dealings with Commies, plus concern over internal security, unbalanced budget and deteriorating balance of payments should increasingly cause Indos realize genuine interest lies in close and amicable relations with US. They will of necessity approach us for many favors in foreseeable future.

It seems to me that this is not time to be weak and indulgent and incur further disrespect on part of Indo, but to be firm and demand that full respect of which US as great power most friendly to Indo is entitled. I am most appreciative of support you and Andrews are giving me in trying get TCA functioning effectively, and I assure you of my desire to reciprocate as helpfully as possible. I know that you must be as sick and tired as I am of having this unsolved aid affair continue to plague us. Cognizant of many other burdens which you are carrying, I should like to see you freed of this soonest possible. But if you are forced into sitting this out until Indos come to our proper terms, I am prepared to give you all possible support.[6]

COCHRAN

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[6] Allison sent the following interim reply to Ambassador Cochran on Sept. 3:

"Greatly appreciate ur 435. Considerations contained therein and recommendations in ur 429 receiving urgent and thorough study here. You will be informed soon as possible of results." (Telegram 335; 856D.00 TA/9-352)

No. 215

856D.00 TA/9-1252: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, September 12, 1952—2:29 p. m.

385. 1. Indo Amb Ali, recd by Allison and Bonsal Sep 9, presented note of same date (text in para 2 below) which Indo Amb stated has been based on suggestions made by Allison July 30 (Deptels 152 and 153, and Embtel 429 Sep 2) and is submitted as written expression Indo Govt position re Amer aid so that US reply thereto may establish basis for negots Djakarta (para 3 Deptel 1240 May 23).

2. "Amb RI presents compliment to SecState and has honor refer recent conversations with Asst SecState for FE Allison re continuation tech aid for econ development to RI.

"Pursuant those conversations Indo Amb wishes reiterate that Indo Govt, although it desires continue receiving tech aid for econ development, cannot agree that continuance such aid be based upon exchange of notes of Jan 5 1952 between reps of Govts of US and Indo.

"As the wording of said exchange of notes Jan 5 does not any longer basically conform, either in substance or in form, with the policy of Indo Govt concerning acceptance of fon aid, Indo Amb therefore has honor submit to SecState proposal of Indo Govt that aforementioned agreement of Jan 5 be terminated and tech aid for econ development be based on a new exchange of ltrs to be agreed upon hereafter.

"Amb of RI wishes inform SecState that it wld be satis to Indo Govt if, in the new exchange of notes, the obligations to be undertaken by RI be worded as fols:

> 'I have honor refer to conversations which have recently taken place between reps our two Govts relating to program of econ and tech coop carried on by Govt of RI within framework of Econ and Tech Bilateral Agreement of Oct 16, 1950. I also have honor to confirm the understanding reached as a result of these conversations as fols:
>
> 'Govt of RI reaffirms that it will act in conformity with its obligations under UN Charter and in accord with principles and purposes of UN Charter in promoting internatl understanding and goodwill in maintaining world peace and eliminating causes of internatl tension.
>
> 'I have the honor to propose that if this understanding meets with the approval of US Govt, the present note and your note concurring therein will be considered as confirming this understanding, effective on date of your note'.

"In conclusion Indo Amb wishes refer to Constab Agreement between US Govt and Govt RI of August 15, 1950.

"It is agreeable to and it is the intention of Govt RI to continue to benefit from provisions of said agreement on a reimbursable basis and it is noticed with satis that Govt US has in principle expressed its agreement in this matter. (*Dept Comments:* See Deptels 1330 June 17, 1952,[1] Embtel 128 July 21 and para 7 Deptel 153 July 30.) Govt RI, therefore, will submit specific requests to that end as soon as possible."

3. Re Constab Agreement Aug 1950 Allison said some US officials might be inclined suggest advisability cancel this "old agreement" in order replace it with more suitable basis for providing reimbursable aid. Indo Amb declared his opinion "it would be worthwhile to review whole Mil Assistance question" and "make new arrangements" based on specific list to be supplied by Indo Govt showing latter's requirements. He said Indo police force "very badly in need heavy weapons", and cited Constab Chief Sukanto as saying "Constab can not deal with gangs in West Java without heavy equip". Amb asked if it wld be possible deal with this matter when Dept replies to Sep 9 Note, and was answered affirmatively.

4. Allison asked Amb's opinion as to Indo Govt's intentions re Parl ratification of Econ and Tech Assistance Agreement Oct 16, 1950. Amb replied he had no fresh instrs this subject but he reaffirmed his previous "official statement" to Allison that Indo Govt has decided submit this agreement to Parl for ratification. (Deptel 1240 May 23 para 2.) Amb volunteered his personal opinion "it wld be wise for (his) Govt to present both Econ Bilateral and new 511b agreement for Parl ratification at same time".

5. Amb said Andrews press statement re $3.1 million for Indo for FY 53 had caused "a lot of resentment in Indo press". He asked if it was "official statement" observing that $3.1 million "wld be a very little amt" in terms Indo needs. Allison replied above statement not official, since final figure for FY53 Indo program not yet determined. Bonsal said that undoubtedly amt available for FY53 program Indo wld suffer heavily as a result gen reduction appropriations. He commented, however, that the amt which may be decided upon for current FY wld probably have minor effect on amt actually spent during this period, in view of sizeable unspent backlog of projects carried over from FY52.

6. Allison and Amb Ali confirmed their July 29 decision (Deptel 152 para 1) to regard Amb's July 28 Note as unofficial, and they agreed July 28 Note now supplanted by this Sep 9 Note.

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[1] Not printed.

7. Indo Amb concluded by stating his opinion that "polit climate in Indo is now beginning to clear up". He emphasized his Govt's wish that matter of Amer aid "be finalized as soon as possible" and preferably before the projected departure of Indo FonMin Mukarto from Djakarta Oct 4 for UNGA. Allison replied that this is complex subj in which many agencies of US Govt are interested and that he, of course, cld make no comment on Sept 9 Note at present. He assured Indo Amb, however, that Note wld receive early attn of US Govt.

ACHESON

No. 216

856D.00 TA/9–1352: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, September 13, 1952—1:29 p. m.

392. For Amb from Allison.

1. You have by now received Deptel 385 Sep 12 describing my conversation Sep 9 with Amb Ali and giving text note he presented that date. As you aware, it is difficult overestimate effect which our response this Indo approach will have on US-Indo relations. I appreciate your prompt reply Embtels 429 Sep 2, 435 Sep 3 to my request Deptel 319[1] for your views this problem.

2. Your recommendations Embtel 429 wld require Indos negot an amendment to Constab Agreement Aug 1950 "to permit reimbursable aid for mil as well as civil police", and wld then tie up question Amer econ and tech aid in one package with question Amer mil aid by insisting Parl ratification both Agreements. You also recommend US Govt not discuss "assurances" until both Agreements ratified.

3. Sudden introduction above requirement at this stage wld be inconsistent with fact that question of assurances acceptable under sec 511 have been subj conversations which I have been holding with Indo Amb leading up to Indo Note Sep 9. As you state Embtel 435 "Indos apparently willing finally submit ECA Agreement for ratification". Constab Agreement, however, can be counted on to be highly debatable in Indo Parl and its forced companionship wld probably jeopardize or at best seriously delay ratification comparatively acceptable Econ Bilateral. Discussions involved in ratification also wld probably focus Parl attn on delicate aspects Constab

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[1] Document 212.

Agreement thereby incurring dangers you warn against Embtel 371 Aug 21.[2]

4. I understand from Embtel 435 that your motive in making above recommendations is "to protect Dept from any possible charge of neglect in seeking proper legal basis for its granting of aid to Indo and in requiring assurances prescribed therefor by Cong": and that you are concerned lest if Indo give up benefits of 511 (a) it may thereby appear before world as "irresponsible on contracts".

5. I do not believe there is justifiable cause for alarm above counts. On Jan 5, 1952 acting in full accord your instructions and in face most difficult conditions you brought about Indo agreement under sec 511 (a) MSA. Jan 8 I sent you, with hearty concurrence every directly interested Agency US Govt (Deptel 709), expression our admiration this achievement. This, however, proved to be bigger step toward US than Indo cld accept. It precipitated fall Sukiman Cabinet and flareup unfortunate publicity over MSA for reasons which recently best set forth Embtel 115 July 18[2] reporting your conversation with V.P. Hatta who said " . . . we shld not expect Indo choose sides publicly now"[3] and pointed to unfortunate example of Chi Amb who "had overplayed his hand with resultant setback to Commie Chi cause". Despite Cabinet fall and public flareup over MSA Agreement, however, Indo Govt has steadfastly adhered Jan 5 Agreement pending its replacement by new agreement. Indo might indeed appear "irresponsible on contracts" if it had *unilaterally* abrogated its 511 (a) Agreement but Indo wld not be first country to *renegot* uncomfortable internatl agreement. Indo also acting correctly in expressing its desire pay cash to US for mil equipment for which it will no longer be eligible on grant basis with cessation 511 (a) assurances. Wording new agreement proposed Sep 9 Note meets requirements sec 511b MSA Act.

6. Indo Parl ratification Econ Agreement Oct 16, 1950 wld be desirable, and further prolonged delay may be significant, but Indo ratification not requisite US law. Indo Govt has given written assurance Oct 27, 1951 that Agreement is binding pending Parl action. Indo Amb has given official oral assurances his Govt has decided present Agreement to Parl for ratification. Under these conditions it wld not be correct or necessary US Govt look behind official Indo assurances and insist upon Indo ratification as US legal requisite to continued validity Agreement.

7. In harmony advice Embtel 128 July 21, 1952, we have let Indos "work out MSA/TCA problem in their own tortuous way and their

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[2] Not printed.

[3] Ellipsis in the source text.

own time". We are gratified by recent indications (Embtel 441 [*411*] Aug 28, 431 Sep 2, 442 Sep 4)[4] of improvement in attitude shown by responsible Indo leaders toward US. From these tels and Embtel 429 it appears that Indos Sep 9 Note may represent achievement of agreed position by dominant Muslim and Nationalist polit parties on MSA issue.

8. Under these conditions it wld appear consonant not only with US dignity and legal requirements but also with best interest US to avoid upsetting mutually satis agreement which both Govts have been seeking. Projected agreement in essence wld consist of replacement Jan 5 (511 (a)) Agreement with new agreement under sec 511 (b) as means continuation econ and tech aid, and replacement of grant with reimbursable basis for mil assistance. Steps to be taken toward this end are described in Deptel 393 which fols.[5] I am confident that I can count on your full coop in concluding this new agreement. I believe that in this manner we will have regained and strengthened position in US-Indo friendship which you had achieved as result your laborious and able contribution to creation and progress new Indo State.

ACHESON

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[4] Telegrams 431 and 442 are not printed. Regarding telegram 411, see footnote 1, Document 212.

[5] *Infra.*

No. 217

856D.00 TA/9-1352: Telegram

The Secretary of State to the Embassy in Indonesia

RESTRICTED WASHINGTON, September 13, 1952—1:30 p. m.

393. 1. Dept is presenting fol note Indo Amb Wash in response his Note Sep 9:

> The SecState presents compliments to Indo Amb and has honor acknowledge receipt Amb's Note Sep 9, 1952, pursuant to conversations Indo Amb has been conducting with Asst Secy FE. It SecState's belief that these conversations and Indo Amb's note have achieved their purpose of developing a clear understanding upon which Indo FonMin and US Amb to RI may bring to fruition formal arrangements in Djakarta mutually satis to both Govts.
>
> Indo Amb is informed that substance this note has accordingly been conveyed to US Amb Djakarta.

2. Emb is instructed send fol note re econ aid to Indo FonMin soonest:

US Amb presents compliments Indo FonMin and has honor refer to Note Sep 9, 1952 addressed to SecState by Indo Amb US pursuant to recent conversations between Indo Amb and Asst SecState for FE concerning continuation aid under Econ and Tech Assistance Agreement signed Oct 16, 1950.

US Govt also refers to Indo Govt's Note Oct 27, 1951[1] stating that Econ and Tech Assistance Agreement Oct 16, 1950 is binding obligation of RI pending Parl action. In this connection US Govt has received with gratification recent statement by Indo Amb in above conversations that Indo Govt has decided submit Agreement of Oct 16, 1950 to Parl of Indo for ratification.

US Amb informs FonMin that wording of obligations to be undertaken by RI as stated in above note Sep 9, 1952 wld be acceptable to US Govt in new exchange of notes which in accordance with desire of Indo Govt wld replace Indo-US Agreement Jan 5, 1952.

3. At same time Emb shld present fol Note:

US Amb presents compliments and has honor to refer to Note Sep 9, 1952 addressed to SecState by Indo Amb Wash. Amb desires to inform FonMin that Tech considerations involved in implementing proposal made by Indo Amb in last two paras above Note, now receiving attn US Govt in order that further Note this subj may be presented to His Excellency in near future.

4. It is desired Emb inform Dept of any communications received from Indos re above and defer action in order Dept may correlate negots re econ and mil aid.

ACHESON

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[1] For text, see telegram 660, Oct. 31, *Foreign Relations*, 1951, vol. VI, Part 1, p. 722.

No. 218

756D.5 MSP/9-1852: Telegram

The Secretary of State to the Embassy in Indonesia

CONFIDENTIAL
PRIORITY

WASHINGTON, September 18, 1952—11:44 a. m.

418. Pls present fol Note to FonOff (Deptel 393,[1] Embtel 517[2]):

"US Amb presents compliments FonMin and has honor refer to Amb's Notes 49 and 50 Sep 16, 1952 and last two paras Note of Sep 9, 1952 addressed to SecState by Indo Amb to US relative to Mil

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[1] *Supra.*

[2] The reference should be to telegram 518 from Djakarta, Sept. 16, which reads: "At 9:30 a. m. 16 Sept, personally delivered to FonMin Mukarto Emb Notes 49 and 50 dated 16 September and based on numbered paras 2 and 3, respectively, of Deptel 393." (856D.00 TA/9-1652)

Agreement Aug 15, 1950 and Indo Govt's desire continue benefit from provisions said Agreement, on reimbursable basis.

"Amb confirms that, as stated by Asst SecState FE in conversation with Indo Amb July 29, Govt of US has accepted proposed procedure in principle as applicable to undelivered balance constab equip authorized under above Agreement. Noting that Govt RI intends submit specific requests in order implement above procedure if possible before intended departure FonMin from Djakarta in Oct for UNGA, Amb offers fol suggestions based upon above conversation between Indo Amb and Asst SecState FE.

"US Govt wld be pleased receive from Govt RI Note formally requesting that undelivered balance of the constab equip authorized under Agreement Aug 15, 1950 be transferred from grant to reimbursable basis. Value this undelivered equip dols 149,658. Note shld also affirm intention Govt RI continue observe legal assurances given in para 2 and 3 Indo Govt Note 1155/55R Jan 5, 1952, in order meet continuing US statutory requirements re equip and services which have or will have been delivered to RI on grant basis.

"Grant basis constab aid wld necessarily terminate on date when Agreement of Jan 5, 1952 is replaced by new Agreement mentioned in Indo Amb's Note Sep 9, 1952 and Amer Amb's Note No. 49 Sep 16, 1952. In order avoid interruption in deliveries constab equip now going forward, Amb suggests necessity provide reimbursable basis on which deliveries may be contd, before Jan 5, 1952, Agreement is terminated. Such basis may consist of Note from Indo Govt as described above and reply by Amer Amb expressing agreement of US Govt.

"In the event that Indo Govt may desire to make specific requests for mil equip on reimbursable basis, other than constab equip referred to above, Amb assures FonMin that US Govt is prepared receive and discuss such requests and to offer any info Indo Govt may desire re manner in which they are customarily made."

If question arises concerning above legal provisions carried over from Jan 5 Agreement (paras 2 and 3 Indo Note Jan 5) Emb shld make it clear that these provisions not derived from sec 511 MSA Act.[3]

ACHESON

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[3] On Sept. 22, Ambassador Cochran informed the Department of State that he delivered Embassy Note 52 based on telegram 418 to the Foreign Minister that morning. (Telegram 560; 756D.5 MSP/9-2252)

No. 219

856D.00 TA/9-2652: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

CONFIDENTIAL DJAKARTA, September 26, 1952—1 p. m.
PRIORITY

585. Foreign Minister Mukarto recd Bonsal and Ambassador 10 a. m. Sept 25 with Ismael (successor to Zain as economic officer of Foreign Ministry) present. Mukarto handed Ambassador drafts of two notes quoted in Embtel 584.[1] Mukarto said Prime Minister had insisted upon some changes in wording from Dept's formula as presented by this Embassy since Wilopo feared latter wld create impression MSA and 511 still involved.

Dept will observe: (1) notes did not include points expressed para three of Embassy note 52 based on para three of Deptel 418;[2] (2) no reiteration of specific request for aid contained in note of Sept 9; and (3) no mention ratification either of 1950 ECA agreement or present exchange.

Wld appreciate Dept's telegraphic comments upon appropriateness and adequacy of Indonesian drafts. If these drafts are acceptable, please provide texts of notes by which Embassy shld acknowledge them. FonOff desires that Indonesian notes bear identical dates. Shld US responses be dated one day later?

COCHRAN

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[1] Not printed.

[2] *Supra.*

No. 220

856D.00 TA/9-2652: Telegram

The Secretary of State to the Embassy in Indonesia

CONFIDENTIAL WASHINGTON, September 27, 1952—1:45 p. m.
PRIORITY

471. For your info: Dept considers Indo draft Notes Embtel 584 wld be acceptable with inclusion legal provisions mentioned sec 1 para 2 Embtel 585.[1] In accordance your request, Dept providing (Deptel 472)[2] text informal memorandum by which Emb shld ac-

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[1] *Supra.*

[2] *Infra.*

knowledge Indo draft notes. This informal memo gives suggested wording modified to include legal provisions.

Dept aware Indo Govt tendency play down "MSA and 511" in relation proposed new Agreement, which understandable in view Indo cabinet resignation and subsequent publicity glare this subject. Indo Amb has been fully informed and, has stated his understanding of fact that "assurances under sec 511 . . . legally necessary to permit US to supply econ and tech assistance" (Deptel 52 July 11).[3] Recent negotiations, and wording of proposed new Indo note in terms "Burma formula" acceptable under 511b are evidence Indo Govt's realistic understanding this matter.

Dept appreciates other points raised second para Embtel 585. Indo Govt stated in Sep 9 Note it "desires continue receiving tech aid for econ development". Deptel 393[4] and Emb Note 49 to FonOff did not suggest necessity reiteration this desire, nor necessity further statement on ratification (which discussed in para 6 Deptel 392).[5]

You will note that modified drafts in informal memo consist simply of FonMin drafts with addition single para to each draft giving substance relevant legal provision without ref to its legislative source or to Jan 5, 1952 Agreement.

Dept agreeable that formal Indo Notes may bear identical dates. On receipt of such Notes, worded essentially as in informal memo, please respond with formal Notes indicating US Govt concurrence, with understanding that date of your response (which at your discretion may be dated same day as Indo Notes or one day later), will constitute effective date new Agreements.

Please inform FonMin substance of immed preceding two paras. Dept notes that understanding on basic issues has been achieved, and hopes that with your assistance final Agreement may now be concluded.

ACHESON

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[3] Not printed. Ellipsis in the source text.

[4] Document 217.

[5] Document 216.

No. 221

856D.00 TA/9-2652: Telegram

The Secretary of State to the Embassy in Indonesia

CONFIDENTIAL
PRIORITY

WASHINGTON, September 27, 1952—1:47 p.m.

472. Pls present fol informal memo to FonMin (Embtels 584 and 585 Sep 26):

Amb of US refers to FonMin's two draft Notes dated Sept 25, 1952 pursuant Amb's Notes 49 and 50, Sep 16 and 52 Sep 22, and Note Sep 9 1952 addressed to SecState by Indo Amb US. US Govt considers these draft Notes cld in their present form become part of the new agreements desired by Indo Govt, if modified solely to include certain tech and legal provisions referred to in Amb's Note 52, which were mentioned by Asst SecState for FE to Indo Amb in their conversation July 29.

First of these legal provisions deals with guaranties against attachment of funds derived from any program of assistance, and wld appropriately be included in FonMin's draft on econ and tech coop. Second legal provision deals with return of any grant constab equip and materials which may no longer be required. This provision, although it affects only equip and materials already supplied under Constab Agreement 1950 on grant basis, wld appropriately be included in FonMin's draft on reimbursable aid.

If modified to include above legal provisions, the two draft notes wld read as fols: First Note—

"FonOff refers to conversations recently taken place between reps of our two Govts relating to program of econ and tech coop carried on by US and RI within framework of STEM agreement of October 16, 1950. FonOff also refers to Note of Sep 9, 1952 addressed to SecState of US by Indo Amb and to Notes of Amer Emb Nr. 49 and 50 dated Sep 16.

FonOff has honour to confirm understanding reached as a result of these conversations and notes as fols: 'RI reaffirms that it will act in conformity with its obligations under the UN Charter and in accord with principles and purposes of UN Charter in promoting internatl understanding and goodwill, in maintaining world peace, and in eliminating causes of internatl tension.'

The two Govts will establish procedures whereby Indo Govt will so deposit, segregate, or assure title to all funds allocated to or derived from any program of assistance undertaken by US Govt so that such funds shall not be subject to garnishment, attachment, seizure or other legal process by any person, firm, agency, corporation, organization or Govt, when in opinion of US Govt any such legal process wld interfere with attainment of objectives of said program of assistance.

FonOff has honour to propose that if this understanding meets with approval of US, present note and your note concurring therein will be considered as confirming this understanding, effective on date of your note.

FonOff further wld like to propose that Indo-US Agreement of Jan 5, 1952 be considered as terminated on date of your concurring note referred to in preceding para."

Second Note:—

"FonOff refers to Emb Notes Nr. 50, Sep 16 and Nr. 52, Sep 22.

RI has, in accordance with last para Note Sep 9, addressed to SecState by Indo Amb in Wash, honour to propose to US that undelivered balance of constab equip authorized under agreement of Aug 15, 1950, be transferred from grant to reimbursable basis.

The two Govts will establish procedures under which equip and materials furnished by US Govt under Constab Agreement Aug 15, 1950 other than equip or materials furnished under terms requiring reimbursement, and no longer required for purposes for which originally made available will be offered for return to the Govt which furnished such assistance for appropriate disposition.

RI undertakes not to transfer, without prior consent of US, title to or possession of any equipment, material or services recd pursuant to this reimbursable basis. (This para optional, since undertaking already given para 4 Indo Note Aug 15, 1950.)

FonOff proposes that if this proposal meets with approval of US, present note and your note concurring therein will be considered as confirming this reimbursable basis."[1]

ACHESON

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[1] On Oct. 3, Ambassador Cochran reported:

"At 10 p. m. 29 September personally delivered to FonMin Mukarto memorandum of that date utilizing language Deptel 472 and providing explanation along lines Deptel 471." (Telegram 620; 856D.00 TA/10–352)

No. 222

856D.00 TA/10–652: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, October 6, 1952—4 p. m.

644. At his request I called on FonMin Mukarto 11 a. m. Oct 6. Econ officer Ismael was present. Mukarto referred to my informal memo of Sept 29 in which I submitted drafts of two notes (Embtel 620) in accordance with instrs contained Deptels 471 and 472.[1] Mu-

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[1] Document 220 and *supra*, respectively. For text of telegram 620, see footnote 1, *supra*.

karto stated that Indo Govt desired adhere to its own drafts (reported in Embtel 584 and commented upon in Embtel 585).[2]

I explained that only differences between our two govts were over two paras legally required by US and that these provisions were not derived from section 511 of MSA Act, Mukarto replied PriMin Wilopo felt very strongly on this point and feared to submit to Parl, "for psychological reasons," drafts which contain conditions similar to those included in exchange of notes of last Jan. In response to my explanation that Dept of State had yielded on one point after another to achieve agreement on aid program with Indo and was now only asking that minimum requirements established by US law be met, Mukarto insisted there was no possibility of changing Wilopo's position. Mukarto said he wld not confirm this position in writing until he heard from me further.

Mukarto referred to fact he has postponed his departure for UNGA until Oct 15 because of threatened Cabinet crisis. I told him Allison's schedule had been changed and that Asst Secy will arrive Djakarta evening 15th. Mukarto said he wld have to cancel his trip to US unless Cabinet situation is straightened out and that in any event he will endeavor delay departure to permit his receiving Allison. He promised let me know definite plans soon as possible.

Mukarto said Masjumi and PNI working on joint motion as substitute for motion calling for non-confidence in Defense Minister. This joint motion wld seek give Sultan opportunity retain position but accede to request for changes in his ministry and in army leadership. Mukarto said PriMin was discussing matter with Sultan in hope latter wld make some early statement which wld ease tension in Parl and permit govt retain Sultan and remain in power. Mukarto doubted success Wilopo's efforts. He thinks that if Sultan leaves Cabinet, PSI members will also withdraw. Mukarto said that in this atmosphere Wilopo unwilling take action on MSA-TCA which he felt likely draw criticism of govt. I then asked if Wilopo wld be willing accept US drafts once crisis is passed. Mukarto said he was sure Wilopo wld not accept them later or in any circumstances since he wld fear attack from Sukiman group in Parl thereon. I told him I wld report promptly to my govt unwillingness Indo govt accept US drafts which include specific legal requirements.

Please see Embtels 645 and 646 on polit situation.[3] I await instrs whether Dept: (1) is willing waive vestigial legal stipulations; (2) wants Indo govt informed immed that specific requirements cannot be waived; or (3) Dept wishes further talks suspended pending outcome of threatened Cabinet crisis.[4]

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[2] Document 219.

[3] Telegrams 645 and 646, Oct 6, reported on the political crisis in Indonesia stemming from opposition between elements of the Army leadership and the Minister of Defense, the Sultan of Jogjakarta. (756D.00/10-652)

COCHRAN

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[4] The Department sent an interim reply to telegram 644 on the next day indicating that the questions raised were being considered and asking for further analysis of the political situation. (Telegram 523, Oct. 7; 756D.00/10-652)

No. 223

756D.00/10-952: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, October 9, 1952—1 p. m.

662. Deptel 523.[1] In last three days have reported to Department views on political situation expressed by high govt sources. These opinions constitute as accurate and intelligent an estimate of present situation as is available Embassy at this time.

Refusal Mukarto and Wilopo to accept our innocuous TCA drafts (Embtel 644) is indicative extent of caution now prevailing govt circles. Any action so fraught with political consequences as acceptance aid from US now could pull govt down regardless of nature of terms of agreement. Similarly if US were to take action terminating aid program at this time we might be accused causing govt collapse.

Consequently in view explosive domestic situation and shaky state govt I recommend Embassy be authorized to inform Foreign Office that:

(1) US laws do not permit US Govt to waive legal requirements set out in note delivered to Foreign Office pursuant Deptels 472 and 473;[2]

(2) US remains sympathetic Indo problems and has no desire pressure Indo Govt into agreement which might be dangerous for it;

(3) US would not be offended if no new agreement is forthcoming now, but in absence thereof 1953 program under TCA cannot be instituted;

(4) Present aid program under MSA funds will continue, in absence any Indo action to terminate January 5 agreement (to such extent as Dept is in position technically to assure and define);

(5) US still helping Indo through Exim Bank credit, using grants, and UN activities partly financed by US;

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[1] See footnote 4, *supra*.

[2] Reference should be to telegrams 471 and 472, Documents 220 and 221. Telegram 473 did not transmit any instructions on the notes to Ambassador Cochran.

(6) American private organizations such [as] Rockefeller and Ford Foundations have shown readiness to help further; and

(7) Indos try raise question of new US grant aid program at later time when they feel internal political situation would support such action.

COCHRAN

No. 224

756D.00/10-952: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, October 9, 1952—6:07 p. m.

536. For: Amb Cochran.

1. Dept welcomes report urtel 660 on Cabinet crisis and concurs your opinion Indo refusal accept innocuous US draft is indicative caution prevailing in Govt circles during this crisis.[1] Dept aware need for US handle aid agreements problem with care to avoid creating any basis for accusation of having contributed to Cabinet collapse if this occurs. Dept therefore wishes in accordance third suggestion last para urtel 644[2] discontinue further talks re aid agreements until situation more propitious.

2. On other hand US Govt, of course, does not wish suspend talks formally in such manner as to convey to Indos that US refuses further discussion. If Indo Govt takes initiative in raising any questions with regard to proposed new aid agreements, pls reply that US Govt is studying this question and that you will be pleased to transmit whatever communication is desired.

3. In meantime Dept reviewing recommendations urtel 662[3] in conjunction urtel 644. In specific response recommendation No. 1

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[1] On Oct. 9, Ambassador Cochran reported on a conversation held with Vice President Hatta the previous day mainly concerning the Cabinet crisis:

"I gave Hatta account of recent developments in TCA negotiations of which he was entirely unaware. I told him I did not see how my government could eliminate two remaining technical provisions to which Wilopo took exception. I told him I hesitated to undertake personally or to recommend that my government try to influence Mukarto or Wilopo toward course of action that might conceivably contribute to downfall of Cabinet or otherwise seriously embarrass them in this crisis. I wondered if our best service to Indo might be to suspend aid program because of Indo inability accept it on required terms without causing disproportionate domestic difficulties. Hatta promptly said it should be suspended. We cannot of course quote Vice President on this but I assured Department I objectively asked same question through three different approaches and got identical answers." (Telegram 660; 756D.00/10-952)

[2] Document 222.

[3] *Supra*.

urtel 662, US laws do not permit US Govt waive substance legal provisions set forth in draft Note, but on other hand are not rigid as to acceptable form in which substance may be given. Question under active study.

Pending Dept reply avoid any action which might create impression US Govt has solidified its position on this matter.

ACHESON

No. 225

756D.00/10-1452: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET DJAKARTA, October 14, 1952—5 p. m.[1]

688. Re Deptel 536.[2] Asst Secy Allison and Amb were recd by FonMin Mukarto 10 a. m. Oct 14 with Darmasetiawan, Rasjid, Sudjono, and Ismael present.

Conversation was only general in character on FE matters until toward close. FonMin then asked Amb whether it wld be possible consummate exchange of ltrs on aid program before Mukarto leaves for UNGA Oct 17.

Amb replied he had reported promptly to Dept unwillingness Indo Govt meet technical terms of US drafts and had been informed US Govt was studying this question.

Mukarto had stated earlier in mtg that immed danger of Cab crisis had subsided and that this development wld allow his attend UNGA. Amb asked whether this easing of polit situation wld permit PriMin Wilopo submit TCA agreement containing US technical provisions to Parl. Mukarto said this wld be impossible. Amb replied he did not want to urge Indo Govt do anything which might endanger it. Mukarto said really no urgency in getting matter settled before his departure. Amb pointed out that inability consummate agreement delays consideration of 1953 program. Amb made point, however, that TCA organ carrying out aid projects already under way. Mukarto's attitude indicated unlikely Indo Govt take any new decision on aid question prior his US visit.

COCHRAN

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[1] The file copy indicates that this telegram was received at 11:50 a.m. on Oct. 14. A notation by Coerr, however, indicates it was received after telegram 562 (*infra*) was sent.

[2] *Supra.*

No. 226

856D.00 TA/10-652: Telegram

The Acting Secretary of State to the Embassy in Indonesia

SECRET
PRIORITY

WASHINGTON, October 14, 1952—5:31 p. m.

562. Dept desires take advantage current easing Indo Cabinet situation to renew steps toward new aid Agreement (Deptel 536).[1] Emb instructed make fol reply in informal memo to FonMin Mukarto re his Oct 6 oral statement of PriMin Wilopo's objection Embtel 644 to legal paras in proposed new aid Agreements (Deptel 472 Sept 27):

1. US Govt considers that inclusion legal provisions in proposed Indo Notes wld be desirable for sake of explicitness and clarity and in interest simplicity program operations. Legal provisions for this reason mentioned in conversations between Indo Amb and Asst SecState for FE and included in US drafts proposed in response Indo Note Sep 9.
2. US Govt appreciates, however, polit disadvantage which PriMin believes from Indo viewpoint may attach to inclusion these legal provisions in proposed new Agreements, as result identification these provisions with Jan 5 1952 Agreement US Govt prepared to be of assistance this matter within limit legally permissible.
3. Law does not permit US Govt waive substance legal provisions set forth US Draft Note Sep 29 (Deptel 472 Sep 27, Embtel 620 Oct 3) but on other hand is not rigid as to acceptable form in which substance may be given.
4. In view of fact that Indo Govt has stated that it continues to regard Jan 1952 Agreement as in effect until replaced by new Agreement. US Govt understands that "anti-attachment" and "return of equip" provisions in that Agreement will have continuing applicability to constab equip which has or will have been delivered to Indo on grant basis under Jan 5 1952 Agreement and before its expiration. In consideration PriMin's viewpoint orally expressed by FonMin Oct 6, and on basis above understanding, US Govt is prepared accept Indo Note as drafted Sep 25 requesting transfer undelivered constab equip from grant to reimbursable basis without explicit repetition above provisions.
5. US Govt similarly understands that "anti-attachment" provision will also have continuing applicability to funds allocated to or derived from econ and tech aid projects which have or will have been authorized under Jan 5, 1952 Agreement and before its expiration. In consideration PriMin's viewpoint US Govt accordingly prepared also accept Indo Note in form drafted Sep 25 re econ and tech aid without explicit repetition above provision.
6. Authorization of new funds under TCA program in Indo after expiration Jan 5, 1952 Agreement will of necessity depend upon an

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[1] Document 224.

undertaking in some form which accomplishes purpose "anti-attachment" provision. Such undertaking may subsequently be made on tech level by inclusion this provision: 1) in a communication addressed by Indo Econ Coordinating Comite to STEM Mission at Djakarta, covering all future firm requests or 2) in future individual firm requests as each is presented. (It is noted that first alternative might be preferable from point of view simplicity program operations.)

7. US Govt observes parenthetically these legal provisions are not expected present substantial problems in Indo. It is not expected that there will be much if any grant constab equip for return US after use in Indo. No court action within terms "anti-attachment" provision has occurred since this provision has been negotiated with recipient countries and only one isolated instance has occurred in whole history US post-war aid programs all countries.

FYI: In view reference to Indo Amb in para 1 he will be informed of substance this informal memo in order that he may be in a position supply his Govt clarification above legalities.[2]

Bruce

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[2] The Department of State sent the following message to Djakarta on Oct. 16:

"At your discretion defer action Dept 562 Oct 14 in view Embtel 699 Oct 15, press report that Parliament has voted motion censuring Min of Defense." (Telegram 575; 856D.00 TA/10-1652)

Telegram 699 is not printed.

No. 227

756D.00/10-1652: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, October 16, 1952—2 p. m.

708. Pass Secretary. Allison left Djakarta 16 October 8 a. m. in Djakarta Embassy plane for Singapore after two day stay. On 14 October Allison met with Embassy officers and visited government establishments. He called with Ambassador on Foreign Minister Mukarto as reported Embtel 688.[1]

On forenoon 15 October Allison and Ambassador called on Vice President. In p. m. Allison gave press conference. He and Ambassador were later received by President Sukarno. At Embassy reception evening 15th Allison met highest Indonesian officials, chiefs of diplomatic missions and leading US businessmen. Embassy dinner thereafter including Mukarto, Djuanda, Supomos and Darmasetiawans.

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[1] Document 225.

Hatta spoke principally of Indo needs for developing roads in Sumatra and improving water transport facilities particularly east Indo. He recommended Allison say nothing on US economic aid question at press conference. Both Allison and Guzzardi thought press conference at USIS went smoothly. Accounts thereof in *Aneta* and *Antara* reasonably accurate. Early editorial comment favorable.

Sukarno presented argument in favor US handling its Far Eastern policy separately from its Western European policy. He was pleased to note change of attitude on Tunisia. He solicited Allison's help on Irian question. He said that way to win Indo friendship is through political support that touches their hearts. He said Indo must: (1) obtain freedom from union; (2) achieve recognized sovereignty over Irian; (3) send Netherlands military mission home; and (4) liberate itself from Netherlands economic and financial "bondage".

Sukarno said Indo revolution or evolution, whichever you might call it, had not ended and that above steps are essential thereto. He said that if US, acting from its position of strength, should give public statement recognizing Indo claim to sovereignty over Irian, this would enable him make statements to Indo populace which would have far-reaching effects in achieving internal solidarity and security and in orienting sentiment of Indo toward US.

COCHRAN

No. 228

856D.00 TA/10-1652: Telegram

The Consul General at Singapore (Hawkins) to the Department of State[1]

SECRET PRIORITY SINGAPORE, October 16, 1952—4 p. m.

418. For Johnson FE from Allison. After discussions in Djakarta with Cochran, Hagberg and other Emb and STEM officers both individually and collectively and talks with Sukarno, Mukarto, Hatta and other Indo leaders I am convinced we shld not be in hurry to press Indo Govt on TCA agreement. Polit situation Djakarta so volatile anything cld happen and danger of Cabinet being unseated definitely not over. Questions asked me in press conf yesterday by Indo newspapermen definitely indicated deep suspicion that any sort of aid agreement with US had strings attached and wld violate

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[1] Repeated to Djakarta.

Indo independence. Mukarto told me last night he planned to leave for US on eighteenth and as he has only discussed TCA agreement with Prime Min there will be no one in Djakarta to defend agreement before Parliament if it is questioned. None of Indo leaders from Pres on down expressed any interest in obtaining early TCA agreement—in fact I recd definite impression they wld prefer to let matter slide for moment and do nothing until Cabinet crisis definitely settled.

I strongly recommend that timing of next approach to Indos be left up to Cochran. He definitely wants to obtain agreement but hopes to do it in manner which will benefit both US and Indo Govt—precipitate action might well have serious adverse effects.

In this connection what I have seen in every post visited to date convinces me we have been trying to give too much detailed direction from Wash to field. Officers in charge of all posts visited are unusually competent and they know local situations as we cannot.

With respect size of 1954 TCA budget, Cochran will forward Emb and STEM views. With exception of STEM labor officer there is unanimity among Emb and STEM officers re size and scope of program. My observations lead me to agree that program in neighborhood of $3.1 million and in any case not more than $4 million is largest that can usefully be absorbed. Contrary to my opinion before arrival I am convinced that English Language Institute probably doing more harm than good under present set-up. Under no conditions cld I support before Budget Bureau or Congress TCA Wash figure of $6.2 million for 1954 budget.

HAWKINS

No. 229

756D.00/10–2052: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

TOP SECRET
PRIORITY

DJAKARTA, October 20, 1952—10 a. m.

738. For S/S and FE only. Request Dept give only limited distribution to following inside story recent Indo political developments to protect Pringgo Digdo, President, Secretary and *Chef de Cabinet,* who called his request night 18 October to give me much of following information.

When Foreign Minister Mukarto dined with Allison and me night 15 Oct he said he had just finished 3½ hour session during which he and Prime Minister Wilopo had succeeded in persuading

PNI withdraw Sophian and Kasimo motions[1] (both in varying degrees directed against Defense Min), and then defeat Baharuddin motion (which would have expressed "non-confidence" in Defense Min), "leaving Parliament motionless" to quote Secretary General Darma's observation when Mukarto concluded his account. However, after defeat Baharuddin motion Sophian motion passed (Embtel 711)[2] because according my info PNI leaders such as Iska overruled decision of Mukarto-Wilopo group.

Pringgo told me and events support statement that passage Sophian motion was signal for army divisional commanders and others conferring Djakarta to plan strategy. This essentially nonpolitical group found itself unanimous in its support of Nasution, Simatupang[3] and other top army officials, with only small number sympathetic to opposition led by Supeno and few other PNI partisans.

On night 16 October arrangements were made for bringing civilian demonstrators into Palace- Parliamentary area of Djakarta. Handbills, posters and signs were prepared and circulated. Pringgo said groups were gathered from Tandjungpriok and nearby town by young army officers as well as by Col Mustopo,[4] Parmai [*Partai?*] Murba sympathizer and one-time guerrilla leader Republican movement. This accounts for close correlation between army and demonstrators (Embtel 727).[5] According other sources Mustopo was asked by President to call off demonstration but could not because of short time available after President's request. Mustopo has now resigned from army. Demonstration was carried out by rag-tag outfit including some leftists from Murba and Parmai [*Partai*?] groups but was not Commie inspired or controlled. Groups were moved into city in army trucks (Embtel 718)[6] past outposts and patrols which would normally stop such night movements.

Demonstrators smashed Parl furniture (Embtel 718) and did some minor damage Foreign Office apparently under impression it was still Parl building. After speech to demonstrators by Sukarno and disbanding of demonstration, group of top army officers headed by Nasution appeared at Palace to present petition to Pres, Hatta, Wilopo, Simatupang called into witness. Written petition asked that: (1) Parl be dissolved; (2) Pres take over reins of govt; (3) Army officers guilty of giving military secrets to Parl be punished; (4) Loyal fighters for republic be protected and given redress against federalists who control two-thirds of Parliament; and (5) Petition be published.

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[1] Both these motions called, among other things, for the establishment of a State Commission to inquire into the possibility of improvements in the Defense Ministry and the Armed Forces. The Sophian motion was considered stronger, as it implied that leaders of both structures might be dismissed. The Kasimo motion was not voted on in Parliament.

[2] Dated Oct. 16, not printed. The Baharuddin motion was defeated by a vote of 80 to 39, while the Sophian motion was passed by a vote of 91 to 54.

[3] Col. A. H. Nasution was Chief of Staff of the Indonesian Army and Col. T. B. Simatupang was Acting Chief of Staff of the Armed Forces.

[4] Head of the Army dental service.

[5] Dated Oct. 17, not printed.

[6] Dated Oct. 17, not printed.

According Pringgo scene was tearful with army leaders appealing Sukarno who they understood had at outset championed cause their PNI opponents. (Pres may have turned incident to his own advantage. At very time it was taking place there were tanks on side Palace with guns pointing toward it.) Pres said he did not desire become dictator, would take steps to correct situation, but would not give publicity to petition. This formal written document contained ref to "these demonstrations" which had taken place few minutes before.

Later in day several members Parliament placed under "protective arrest". These included Moh Yamin (Embtel 734),[7] former Prime Minister Sukiman, Kasman Singodimedjo (Masjumi), Babessa Daenglalo (PRN member who made violent anti-Sultan speeches in Parliament) and A. B. M. Jusuf (Labor Party). These men now released.

Detainees had sent letter of appeal to President on morning 18th. President called to Palace Parliament Acting Chairman Tambunan and two deputies. They said Parliament favored govt continuing in office. President asked that Parliamentary steering comite announce Parliament was going into recess and, at request of President, would so remain until unfixed date. Trio returned to their comite and came out with announcement ten days recess, but no reference to President request. He again emphasized seriousness of situation to trio and intimated release of their colleagues hinged on issue of announcement such as he had proposed. Steering Comite acquiesced.

President then sent Pringgo to inform Cabinet session of agreement with Parliament. Certain Ministers unhappy, with one threatening to resign, but all finally agreed to carry on. Pringgo then went to home of Sultan and informed him, who according Pringgo was much gratified and satisfied by President's acts.

Press of Sunday morning nineteenth carried announcement which President had stipulated, "at request of President Sukarno Parliament recess announced earlier will continue for indefinite period, three vice chairmen of Parliament announced today (18th).

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[7] Not printed.

Vice Chairmen are Tambunan, Tadjuddin Noor and Arudji Kartawinata".

Pringgo assured me President, Vice President, Prime Minister and Sultan are now fully in accord, that Wilopo govt should carry on, Parliament stay recessed, army render loyal support, and elections be held as early as possible. Military commanders now returning their posts. Press 19th announced Mukarto will proceed GA 23d probably accompanied by Sukiman (newly freed from confinement) and Sidik.[8] Likelihood is that Sophian motion will be forgotten. Cabinet will try get work done without Parliamentary interference, and army may be in mood for contemplated Dec sweeps against dissident elements.

Pringgo assured me Socialists had nothing to do with creation or org demonstration.

He said Sjahrir was thus far in ignorance of what was going on and was awaiting Pringgo's arrival for fill-in.

As of this time city continues quiet with curfew from 2200–0500 hours. Press a. m. 20 October reports that two newspapers of Moh Diah (*Merdeka* and *Berita Indo*) as well as magazine (*Madjallah Merdeka*) which were closed down by police, now allowed reopen. *Mimbar Indo* owned by Wibisono and edited Moh Yamin, was also temporarily banned. Pringgo suspected certain PNI army officers might be under "protective arrest".

COCHRAN

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[8] Sidik Djojosukarto, Chairman of the PNI.

No. 230

856D.00 TA/10-2052: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, October 20, 1952—4 p. m.

741. Upon receipt Deptel 562[1] afternoon Oct 15, I consulted Allison. We agreed it was against our judgment carry out this instr immed in light polit developments (Embtel 702).[2] In Deptel 575[3] Emb was given discretion to defer action. Parl now in forced and indefinite recess. Cabinet still in existence, but whole balance of power between Pres and Cabinet likely to be undergoing fundamental change. We cannot at this time determine where real auth

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[1] Document 226.

[2] Not printed. (856D.00 TA/10-1552)

[3] See footnote 2, Document 226.

lies or what regard will be had for recessed Parl. Altho PriMin and FonMin evidently still respected and in no danger, they are members Parl which has been to great extent discredited and against whose polit maneuvers recent occurrences have been directed.

Furthermore, with augmented auth of mil and eclipse of Parl whole situation may be altered to point where Indos may desire hold to 511a assurances and commence TCA program under Jan 5 agreement without further negots aimed at replacing it. Dept has already expressed its view that such a solution wld be highly desirable. (Deptels 709, Jan 8 and 319 Aug 28.)

I consequently recommend strongly that entire question of Amer aid to Indo be held in suspense until situation clarified.

COCHRAN

No. 231

756D.00/10-2052: Telegram

The Acting Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, October 21, 1952—6:31 p. m.
PRIORITY

602. Dept's preference see Indo Govt adhere Jan 5 "511-a" Agreement, as indicated Deptels 709 Jan 8 and 319 Aug 28, of course contingent upon Indo Govt's genuine and effective willingness accept full implications that Agreement. Dept realizes probability such Indo attitude seriously diminished by Cabinet fall over 511-a last Feb and Indo Note Sep 9 proposing replacement Jan 5 Agreement, but observes possibility favorable alteration situation as reported Embtel 741 Oct 20. For this reason and in view disturbed state Indo politics Dept agrees US Govt shld not now make new approach Indos on Aid Agreements problem.

On other hand Dept recognizes that at stage when interrupted by Cabinet crisis US-Indo negots were approaching new Agreement and Indo Govt had addressed to US specific question (re legal paras) subsequently repeated by FonMin to Amb and Allison (Embtel 688 Oct 14). It is public knowledge that such negots have been taking place Djakarta. Under these conditions Dept believes advisable avoid exposing US Govt to suspicion of pressing for continued Indo adherence Jan 5 1952 Agreement through delay reply Indo question or through suspension negots. If Indo Govt again raises question legal paras US reply shld be more responsive than repetition simple declaration that question receiving study, and shld consist of statement based on Deptel 562, Oct 14.

FYI Andrews views TCA FY53 operations fol Deptel 603.[1]

BRUCE

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[1] Telegram 603, Oct. 21, reads:

"FYI Andrews feels strongly opening prelim discussions at established tech level on scope and size TCA 1953 program is desirable in order not to prolong lapse and uncertainty in future planning with inevitable results deterioration operated relationships and morale of personnel involved. Also serious problems created because funds for some activities now running out." (756D.00/10-2052)

No. 232

756D.00/10-2252: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET
PRIORITY

DJAKARTA, October 22, 1952—4 p. m.

769. President Sukarno called me to Palace this forenoon for final visit before my departure on leave. He was calm and in good spirits, but tired from his exertions during recent crisis following his heavy travel schedule of past weeks.

President told me "mob" which appeared at Palace on 17 Oct was made up of three elements:

(1) Young army officers and civilians either belonging to PSI or influenced thereby;
(2) Murba members and sympathizers;
(3) Individuals such as Mustopo who advocated dictatorship by Sukarno. President said magic word he used to quell demonstration was "Irian." He stated to crowd Indo revolution not ended and mentioned Irian problem in particular. He said that still remains the issue which if solved satisfactorily can give great strength to his govt and contribute importantly to security and peace this Archipelago.

President said that while Sultan of Djogjakarta is human being and sometimes influenced by his friends, including such Socialists as Budiardjo,[1] he is absolutely loyal to country and to President. Sukarno expressed his genuine respect and affection for Sultan and was disturbed over press stories from London and Neth to effect recent incident came from differences between President and Sultan. President said future calm depends whether young PSI army officers cause further trouble.

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[1] Ali Budiardjo, Secretary-General of the Ministry of Defense.

Sukarno thought Wilopo made good speech last night (see Embtel 765)[2] and is satisfied Wilopo will endeavor work effectively in best interests state, retaining present Cabinet intact. President wld not commit himself as to whether he expected Parl to stay in recess until elections or as to what extent govt business wld be handled by decrees, with confirmation thereof to be sought from present or future Parl.

Pres much interested in UNGA and said change in Amer attitude towards Tunisian question has had excellent influence and reaction Indo. I told him our position on Morocco wld be similar to that taken on Tunis (see Depcirtel Oct 13).[3]

COCHRAN

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[2] Telegram 765, Oct 22, reported on a brief radio address by Prime Minister Wilopo in which he gave the official version of the events of Oct. 17 and said that the atmosphere in Djakarta had gradually returned to normal. (756D.00/10-2252)

[3] Not printed.

No. 233

Conference files, lot 59 D 95, CF 133

Memorandum of Conversation, by David McK. Key, Adviser to the United States Delegation at the United Nations General Assembly

CONFIDENTIAL [NEW YORK,] October 31, 1952.

Subject: Topics discussed during the call of the Indonesian Foreign Minister, Mr. Mukarto, on the Secretary of State at 11 a. m. October 31, 1952.

Participants: Mr. Mukarto
Ambassador Palar
Ambassador Ali Sastroamidjojo
The Secretary of State
Ambassador Key
Indonesian Minister for Foreign Affairs
Indonesian Delegation
Indonesian Ambassador, Washington
U.S. Delegation

Political Situation in Indonesia

After exchange of the usual amenities, the Secretary asked Mr. Mukarto about the present political situation in Indonesia.

Mr. Mukarto replied that the disorders had ended and that everything was again under control. Though social tensions existed, the situation was quiet and a new Cabinet, which he believed was the strongest yet to come into power, was in office. There was agitation by a large section of the Indonesian public in favor of an elected Parliament. It was hoped that conditions in Indonesia would permit the holding of a general election sometime during the first six months of 1953.

TCA Agreement

Mr. Mukarto then mentioned the Indonesian desire for the early conclusion of a TCA Agreement. The situation was, however, somewhat complicated because such an Agreement would have to be submitted to Parliament for acceptance. The latter would not ratify an Agreement containing features which would subject the Government to attacks that it was not neutral, or that the Agreement contained obligations to the effect of which would be to align Indonesia against the Communists.

Ambassador Ali briefly reviewed the course of his negotiations in Washington for a TCA Agreement, observing that substantial agreement had already been reached but that certain legal questions, having largely to do with the phraseology to be used, were still unresolved.

The Secretary said that he was glad that such progress had been achieved. He assured the Foreign Minister and Ambassador Ali that it was our desire to arrive at a mutually satisfactory agreement as soon as possible. He did not anticipate any great difficulty in resolving the legal questions outstanding now that an accord had been reached on the substantive questions and made the suggestion that accordingly the negotiations be resumed by legal and technical experts on both sides with a view to reaching a definitive agreement. This suggestion was welcomed by Mr. Mukarto and Ambassador Ali.

New Guinea

The Indonesian Foreign Minister next took up the question of New Guinea. After outlining his Government's attitude and stressing the interest of the Indonesian public in obtaining a favorable settlement, he asked for the Secretary's views.

The Secretary pointed out that New Guinea was a question the solution of which we feel should be worked out by the Netherlands and Indonesia, towards both of which Governments we entertain the friendliest feelings. Any solution which they could work out between themselves would be entirely satisfactory to us. Patience and moderation would be required on both sides since progress towards settlement of such an important question, on which views differed sharply, was bound to be slow. He did not feel that U.S. intervention would, however, contribute towards the solution—in fact, it might only create harm by offending one or the other of our friends.

Rice

The Secretary said that he was pleased to make known that an increase in the allocation of rice, which had been asked for by Indonesia, would be made. He did not know the exact amount of the increase but suggested that representatives of the Indonesian Embassy place themselves in touch with the appropriate officials in Washington with a view to pursuing this matter further.

The Indonesians expressed their pleasure over this development and Ambassador Ali said that the Indonesian Embassy would contact the Department without delay.

[Here follows discussion of Korea.]

No. 234

Conference files, lot 59 D 95, CF 133

Memorandum of Conversation, by Homer M. Byington, Jr., Adviser to the United States Delegation at the United Nations General Assembly[1]

SECRET [NEW YORK,] October 31, 1952.

Subject: Western New Guinea

Participants: Foreign Minister Luns, Netherlands Delegation
The Secretary of State
Homer M. Byington, Jr.

At the close of his conversation concerning Korea, the EDC, and Tunisia, Mr. Luns said there was one thing more of particular interest to the Netherlands which he desired to raise with the Secretary; that was the question of Western New Guinea.

Mr. Luns handed to the Secretary the attached statement of the Netherlands Government on that subject.[2] He emphasized that the statement was the result of the most careful consideration by his Government and he hoped the Secretary would support the Dutch position. He pointed out that last year the Dutch in their negotiations with the Indonesians had explored every possible approach in a strenuous effort to reach agreement with Indonesia. It had become absolutely clear, however, that the Indonesians in discussing Western New Guinea were only prepared to talk with regard to the modality of how Western New Guinea was to be turned over to Indonesia. The Netherlands Government was not prepared then and would not be prepared at any time in the future to negotiate on such a basis. Not only was the population of Western New Guinea completely different to that of Indonesia but also the future economic and political development of the area could only be furthered through assurance of continuing Dutch interest and support. Mr. Luns, therefore, urged the Secretary that the U.S. oppose at this time any further proposals in favor of renewing negotiations between the Netherlands and Indonesia with regard to Western New Guinea. It was Mr. Luns' conviction that negotiations with Indonesia would only worsen the situation rather than help it. The Secretary said that the policy of the U.S. would be to continue to maintain that this question was one that concerned the Netherlands and Indonesia and it was not the policy of the United States to interfere in it.

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[1] Byington was Director of the Office of Western European Affairs.

[2] The attachment, not printed, is an excerpt from a statement made by the Netherlands Government to the Second Chamber of the States-General during October 1952. It sets forth the position that *de jure* and *de facto* sovereignty over Western New Guinea rested with the Netherlands which would continue to administer the territory under the obligations laid down in Article 73 of the U.N. Charter until the inhabitants were able to decide their own future. The Netherlands Government, while willing to assist in conversations on the territory, felt that a resumption of negotiations with Indonesia would serve any useful purpose.

No. 235

856D.00 TA/10-652: Telegram

The Acting Secretary of State to the Embassy in Indonesia

CONFIDENTIAL WASHINGTON, November 7, 1952—6:29 p. m.

711. 1. FonMin Mukarto called on Secy NY Oct 31 accompanied by Amb Ali and Palar, Chief Indo UN del.[1] Mukarto mentioned Indo desire for early conclusion TCA Agreement. Amb Ali said substantial agreement already reached but certain legal questions "having largely to do with phraseology" still unresolved. Secy said he was glad such progress achieved and assured FonMin it our desire arrive at mutually satis Agreement soon as possible. He did not anticipate any great difficulty in resolving legal questions and made suggestion that negots be resumed by legal and tech experts both sides with view reaching definitive Agreement. This suggestion welcomed by Mukarto and Ali. Pursuant this conversation, Indo Emb Officer Maramis called his request Nov 6 at Dept to ascertain US Govt position re inclusion legal provisions in proposed new Agreement.

2. Indo position set forth in FonMin's draft Notes Sept 25 which omit legal provisions because, as Mukarto informed Amb Cochran

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[1] See Document 233.

Oct 6, PriMin "fear to submit to Parliament 'for psychological reasons,' drafts which contained conditions similar to those included in exchange of notes of last Jan" (Embtel 644 Oct 6)

3. US reply presented to FonMin by Amb Cochran in memo Sep 29, based on Deptels 471 and 472 Sep 27, stated Indo drafts "cld in their present form become part of new Agreement desired by Indo Govt, if modified solely to include certain tech and legal provisions. . . ." When Allison met FonMin Djakarta Oct 14, FonMin asked if it wld be possible "to consummate exchange of ltrs on aid program. . . ."[2] Amb answered US Govt studying questions tech provisions.

4. As result discussion various possible US responses to current Indo inquiry, Dept with Amb Cochran's concurrence has adopted fol alternative positions: (1) that US Govt (a) reaffirm its desire have legal provisions included in exchange of notes constituting new Agreement, (b) recognize and attempt meet PriMin's objection by revising "phraseology" so that these provisions will be simple, clear, no longer worded as in Jan 5 Agreement, and so their complete innocuousness will be obvious. (2) If Indos find this unacceptable, US Govt wld accept inclusion newly worded legal provisions in separate Note from FonOff as integral part new Agreement.

5. Dept officers, acting on first position para 4 above, have informed Maramis (1) that US law does not permit US Govt waive substance legal provisions set forth US draft Notes Sept 29, (2) that US Govt, however, appreciates views Indo FonMin and PriMin on difficulty which these legal provisions may present, (3) that disadvantage these provisions as they appear in Jan 5 Agreement may in part have been accounted for by complicated legal wording which obscures their actual innocuousness, (4) that US Govt accordingly suggests and wld be prepared to accept new wording these legal provisions in simplified and clear language. Maramis was handed suggested wording (which fols Deptel 712)[3] for each provision, which he will bring to attn Ali and Mukarto NY.

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[2] Ellipses in the source text.

[3] Telegram 712, Nov 7, reads:

"Dept has suggested to Indo Emb fol new wording legal provisions Deptel 472 Sep 27:

"1. 'Equipment and materials which have been provided on a grant basis under the Constab Agreement of Aug 15, 1950, will be retained by the Govt of Indo on the terms and conditions contained in that Agreement so long as required for the purposes for which originally made available and if no longer required for these purposes will be offered for return to the Govt of the US.'

"2. 'In recognition of the mutual interest of the two Govts in promoting the objectives of the Economic Coop Agreement of Oct 16, 1950, the Govt of the Republic of Indo will safeguard any funds allocated to or derived from programs of assistance carried out under that Agreement from seizure, attachment, or other legal process

Continued

8. Our best knowledge indicates Mukarto acting under gen Cabinet instr to obtain new Agreement but has not yet communicated successive Indo and US positions to Cabinet members other than PriMin. If Mukarto accepts US position Dept expects he may inform PriMin but will not present it for Cabinet approval until his return Djakarta. As result his negots so far he will be able state he has (1) obtained US concurrence on basic issue of replacing old with new Agreement; (2) secured improved wording legal provisions which in themselves not expected present any substantive problems Indo. Cabinet approval wld be followed by formal Notes from Indo Govt. Date US acknowledgment wld be date new Agreement replaces old.[4]

BRUCE

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unless both Govts agree that such process wld not interfere with the attainment of these objectives.' " (856D.00 TA/11-752)

[4] On Nov. 14, Bonsal called on Foreign Minister Mukarto at the Indonesian Embassy in Washington. Responding to the latter's query on reimbursable aid for the armed services, Bonsal said that Indonesia could negotiate an appropriate amendment to the Aug. 15, 1950, Constabulary Agreement or negotiate an entirely new exchange of notes as a separate reimbursable aid agreement. The Department of State preferred the second approach and Bonsal indicated that the Indonesian Ambassador would be furnished with an unsigned draft U.S. note (transmitted to Djakarta in telegram 812) to be regarded as an example of an adequate basis for such an agreement. (Telegram 811 to Djakarta Nov. 16; 756D.5 MSP/9-2252)

No. 236

856D.00 TA/11-2052

Memorandum of Conversation, by Samuel T. Parelman, Special Assistant to the Assistant Secretary of State for Far Eastern Affairs (Allison)

CONFIDENTIAL WASHINGTON, November 20, 1952.

Subject: FE-TCA Meeting on Indonesia

Participants: TCA—Mr. Andrews
TCA—Mr. Bingham[1]
TCA—Mr. Hanson[2]
Ambassador Cochran[3]
FE—Mr. Allison
FE—Mr. Bonsal
FE—Mr. Parelman

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[1] Jonathan B. Bingham, Deputy Administrator, Technical Cooperation Administration.

[2] Haldore Hanson, Assistant Administrator, Asian Development Service, Technical Cooperation Administration.

[3] Cochran was temporarily in Washington for discussions at this time.

A meeting was held in Mr. Allison's office on Tuesday, November 18, 1952, for the purpose of establishing an agreed upon position as to the size of the proposed FY 1954 TCA program for Indonesia.

Mr. Allison initiated the discussion on the program by indicating his feeling that the internal political situation in Indonesia was best judged by the United States officials on the spot rather than in Washington. He stated that the recommendation which he had made from Singapore for an approximately $4 million program rather than the higher figure of $6.2 million was based on the conversations which he had held in Djakarta with the economic and technical staffs of the STEM and Embassy as well as with the Ambassador.

Mr. Andrews stated that he fully recognized the need for obtaining the proper political agreement with Indonesia and that it was his strong feeling that if such a proper agreement is achieved that the amount of $6.2 million would definitely be needed to do a genuine program job. He did feel, however, that at the moment the political agreement was the governing factor. He felt also that the amount of assistance which the country could use was virtually unlimited.

Ambassador Cochran stated that he felt just as strongly today about a small program as he had originally when he had first recommended the program for FY 1954 of $3.1 million. He went on to state that the Indonesians were proceeding very slowly in doing what they had to do with respect to the programs and the agreements and that it was his feeling that they would not understand a doubling in 1954 of the $3.1 million figure which had been approved for 1953. The Ambassador then proceeded to review in some detail the current political situation in Indonesia with particular emphasis on the recent parliamentary crisis.

Mr. Bonsal then described a recent meeting which he had had with Minister Mukarto during which Mukarto had expressed enthusiasm for the United States technical assistance program. Mr. Bonsal indicated that he felt some optimism as to the outcome of Mukarto's representations in Djakarta but was concerned about the delay of at least three weeks before Mukarto would return to Djakarta.

Mr. Parelman brought up the matter of the FY 1953 program by inquiring as to the opinions of those present about proceeding with the current year's program in view of the fact that almost five months of the current fiscal year had passed without any action on that program. Mr. Andrews stated that as far as he was concerned the freeze was still on until a political decision was made to relieve it and he was looking to the Ambassador and FE to indicate when the freeze should be taken off. The Ambassador stated that he did not feel that the United States ought to retreat from its present position on the freeze. He referred to earlier conversations which he had had in Djakarta and which had been reported to the Department and said that in those conversations the Indonesians had indicated that they do not want to accept TCA assistance under the present 511 (a) agreement. He felt that the next move was up to the Indonesians to get a new agreement and then we would be able to go ahead with the 1953 program. The Ambassador, in response to an inquiry, stated that he did not think it would be necessary to await parliamentary ratification to an agreement with Mukarto but he felt that it was important that Mukarto have the backing of the Cabinet in order to avoid the difficulties which had developed for Subardjo.

Mr. Bonsal expressed deep concern that because of the FY 1953 freeze the program might grind to a full stop in many of the projects with a possibility that irreparable damage might be done in fulfilling the program objectives. He inquired as to the legality and feasibility of TCA making *ad hoc* allotments as it became clear that individual projects would be coming to a close because of lack of funds. The Ambassador felt that the next move was up to the Indonesians. We should hold our ground until they conclude an agreement with the United States for TCA FY 1953 aid under mutually acceptable assurances. The TCA representatives, responding to Mr. Bonsal's inquiry, stated that they did not see any legal impediments to using the FY 1953 funds inasmuch as an allocation had already been made. Mr. Andrews pointed out that while TCA was prepared to move promptly on the FY 1953 programs it was clear that the Ambassador did not think we ought to go ahead as a matter of principle.

In response to a request from Mr. Bonsal, Mr. Andrews stated that he felt they could very readily provide FE advance information on an *ad hoc* basis as it appeared that individual projects would be closed out for lack of funds.

Mr. Andrews said that he would like to discuss briefly the matter of the labor program in view of the fact that he had been subjected to considerable pressure from labor interests because of a rumor that the labor projects were being cut out of the Indonesian program. He wanted to clear up any misunderstanding that might exist on that score since their proposed program for FY 1954 as well as the FY 1953 program did include provision for certain labor projects. The Ambassador said that while the labor projects as such had been excluded from his 1954 $3.1 million program he felt that they could be taken up under a different label as part of the engineering contract. He would prefer to await the results of the first group of trainees to determine the value of the program. Mr. Hanson confirmed that a program of $4.1 million for FY 1954 would permit the continuation of the present type of labor projects.

Mr. Andrews then brought up the matter of the English Language Institute by saying that this was another program that they would like to settle at this meeting. He said that if everything that he had heard about the manner in which it was being run was true, then the present arrangement was apparently doing more damage than good for United States relations with Indonesia. He said that he was referring to the stories about the misbehavior and internal fighting which apparently had gone on in Djogja. He stated that it was his impression that there was a need for a language program but perhaps the answer would be to arrange for a contract with an educational institution in the United States instead of dealing with individual itinerant teachers. The Ambassador expressed his continuing doubts and reservations as to the validity of this particular program. He did point out, however, that while he had attempted to get the representatives of the Ford Foundation interested in taking over this type of program that they had indicated no desire to do so. He suggested that this operation be discussed further by a technical committee and volunteered to be present if desired.

In view of the fact that Mr. Allison had had to leave the meeting early to keep an appointment with the Secretary and a final decision on the FY 1954 program had been delayed pending his return, Mr. Parelman asked if the group was prepared to agree on a final State Department position on the issue of $4.1 million versus $6.2 million for a 1954 program. Mr. Andrews said that in view of Mr. Allison's position as expressed in his telegram from Singapore and the Ambassador's feelings about a smaller program, that he was prepared to accede to the political position and agree to a $4.1 million program. No dissent from this figure was offered by any of the others present. Mr. Parelman then stated that he would represent to Mr. Martin's office that complete agreement had been reached on this figure for FY 1954 by the offices represented at the meeting.

No. 237

756D.5 MSP/1-753: Telegram

The Secretary of State to the Embassy in Indonesia

RESTRICTED
PRIORITY

WASHINGTON, January 7, 1953—5:34 p. m.

1006. Indo Amb today presented fol two Notes dated Jan 5, 1953 re (1) TCA and (2) Constab Aid.

1. "Amb RI presents compliments to SecState and has honor refer to conversations between Govts US and RI on question econ and tech coop within framework special Tech and Econ Mission Agreement Oct 16, 1950.

Indo Amb also refers his note Sep 9, 1952 addressed SecState and notes from Emb US in Djakarta to MinFonAff RI Nos. 49 and 50 Sep 16, 1952.

Indo Amb has honor confirm understanding reached as result these conversations and notifies SecState as fols:

> 'RI affirms it will act in conformity with its obligations under the UN Charter in promoting internatl understanding and good will, in maintaining world peace, and in eliminating causes internatl tension. In recognition mutual interest two Govts in promoting objectives Econ and Tech Assistance Agreement Oct 16, 1950, Govt RI will safeguard any funds allocated to or derived from programs of assistance carried out under that Agreement from seizure, attachment or other legal process, unless both Govts agree such process wld not interfere with attainment these objectives.'

"Amb RI has honor propose that if this understanding meets with approval Govts US, this note and note SecState concurring therein be considered as confirming this understanding, effective on date note SecState.

Indo Amb further proposes that Indo-US Agreement Jan 5, 1952 be considered terminated on date of concurring note from SecState referred to in preceding para".

2. "Amb RI presents compliments to SecState and has honor refer to notes from US Emb Djakarta No. 50 Sep 16 and No. 52 Sep 22, 1952 addressed to MinFonAff RI.

Indo Amb, in accord last para his Note Sep 9, 1952 addressed SecState, has honor propose that undelivered balance constab equipment authorized under Agreement Aug 15, 1950 be converted from a grant to an aid (sic) on a reimbursable basis. Equipment and materials which have been provided on grant basis under Constab Agreement Aug 15, 1950 will be retained by Govt RI on terms and conditions contained that Agreement so long as required for purposes for which originally made available and if no longer required for these purposes will be offered for return to Govt US.

Amb Indo proposes that if this proposal meets approval Govt US, this note and note SecState concurring therein be considered confirming this conversion into an aid on a reimbursable basis."

Instrs fol.

ACHESON

No. 238

756D.5 MSP/1-753: Telegram

The Secretary of State to the Embassy in Indonesia

CONFIDENTIAL
PRIORITY

WASHINGTON, January 7, 1953—5:34 p. m.

1007. 1. Indo notes Jan 5, 1953 (Deptel 1006)[1] meet US requirements (Deptels 472 Sep 27 and 712 Nov 7)[2] and, in conjunction with and on date US note of acceptance, can form new Agreement under Sec 511 (b) MSA Act terminating and replacing Agreement Jan 5, 1952 under 511 (a). With adequate legal basis now provided for conclusion new Agreement, problem is to determine timing US note of acceptance.

2. Fol considerations emphasize advisability and desirability early conclusion new Agreement:

a. Although varying degree instability likely to be continual characteristic Indo Cabinets for some time, it shld not of itself be block to making Agreements with Indo.

b. Despite polit disadvantages 511 (a) Agreement, Indo Govt has repeatedly avowed adherence to it as most recently shown by statement Indo InfoMin (Embtel 1170 Dec 31):[3]

> "Aid recd by Indo from US up to time this new Agreement is reached will be based on provisions of Subardjo–Cochran Agreement.

Indo Govt's record in honoring old Agreement implies basis for confidence new Agreement will be honored despite possible Cabinet changes. Present Cabinet's decision to negot new Agreement, furthermore, evidently reached after full Cabinet discussion, implying major parties' concurrence, and after repeated notice to press.

c. TCA operating under severe handicap and below normal efficiency because FY 53 program being held in abeyance pending conclusion new Agreement (e.g. White Engineering project, a major part of Emb- STEM recommended program, faced with imminent termination unless contract renewed soonest).

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[1] *Supra.*

[2] For text of telegram 712, see footnote 3, Document 235.

[3] Telegram 1170 reported on a statement to the press by the Minister of Information following a Cabinet meeting the previous evening. (890.00/12–3152)

d. In meeting N.Y. Oct 31 SecState assured Indo FonMin and Indo Amb "it was our desire arrive at mutually satis Agreement soon as possible".

3. Dept considers Indo initiative in proposing and public decision to conclude new Agreement healthy development in US-Indo relations. In these circumstances Dept does not believe it worthwhile make issue of fact that Indo Govt has presented its formal note through Amb at Wash instead of FonMin Djakarta. Dept has informed Indo Amb US reply to be handled through US Emb Djakarta to FonMin and Indo Amb has agreed.

4. Dept desires conclude this long drawn out negot soonest. Unless you perceive overriding objection Emb should present two notes to FonMin for this purpose along lines Deptel 1008 which fols.

ACHESON

No. 239

756D.5 MSP/1-753: Telegram

The Secretary of State to the Embassy in Indonesia

CONFIDENTIAL WASHINGTON, January 7, 1953—5:35 p. m.
PRIORITY

1008. Fol outlines for two separate notes to be presented by Emb same date to FonOff in accordance Deptel 1007 para 4:

1. US Amb presents compliments to FonMin and has honor refer Note Jan 5, 1953 addressed by His Excellency Indo Amb Wash to SecState re continuation econ and tech coop between RI and US under Econ and Tech Assistance Agreement Oct 16, 1950.

On behalf SecState Amb informs FonMin that Govt of US confirms understandings and accepts proposal of RI as stated in Indo Amb's Note Jan 5, 1953 and agrees that latter Note and this Note of acceptance constitute new Agreement which terminates and replaces Indo-US Agreement Jan 5, 1952, effective on date this Note.

2. US Amb presents compliments to FonMin and has honor refer Note Jan 5, 1953 addressed by His Excellency Indo Amb Wash to SecState proposing undelivered balance constab equip authorized under US-Indo Agreement Aug 15, 1950 be transferred from grant to reimbursable basis.

On behalf SecState Amb informs FonMin that US Govt accepts above proposal and agrees that Indo Amb's Note of Jan 5, 1953 and this Note of acceptance constitute Agreement between Govts RI and US, effective on date this Note.

Value constab equip which will remain undelivered on effective date of this agreement is approx $12,500, for which it is suggested payment be arranged soon as possible if it is desired avoid interruption which wld otherwise become legally necessary affecting delivery this equip.

ACHESON

No. 240

756D.00/1-1053: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

SECRET PRIORITY DJAKARTA, January 10, 1953—1 p. m.

1234. Was received most cordially by President Sukarno this morning. He is in good health, calm and confident of his ability control situation. He said conference of military Territorial Commanders which met here yesterday moved smoothly and that Colonel Sugeng will remain as Army Chief of Staff.[1] He said trend toward amicable solution of differences within armed forces is gradually upwards.

Sukarno anxious to have my impressions of US following my two months there. He expressed satisfaction over official indication incoming government would give increased attention to Asia and strong hope Dulles[2] would visit Indonesia soonest.

Sukarno shared with me relief that solution acceptable to Indonesia now being worked out on TCA aid assurances. I told President I had appointment with Foreign Minister Mukarto for 12 noon Monday[3] and would then deliver two US notes consummating replace[ment] agreement. President mentioned item quoted in this morning's Indonesian press from *New York Times* indicating Indonesia would be interested in procuring arms in US on reimbursable basis.

President asked me for information regarding several chiefs of mission newly named to Indonesia by various European countries. When he indicated particular interest in new Netherlands High Commissioner I said Netherlands diplomatic mission obviously most important in Djakarta. Sukarno quickly reported that it was American and not Netherlands mission that held this place.

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[1] Col. Bambang Sugeng was appointed Acting Chief of Staff of the Army on Dec. 16, 1952, replacing Colonel Nasution.

[2] Secretary of State-designate John Foster Dulles.

[3] Jan. 12.

I told President I had been impressed by accounts my economic officers had given me of progress Sumitro making on budgetary and financial matters. Sukarno stated Sumitro was good technician. He was not happy, however, over idea of Socialist conference at Rangoon for Asian countries and possible participation therein by Sumitro.

I did not venture far into President's problems on this courtesy call but President did confirm to me in strong terms that explanation which he had given me shortly after October 17 affair was correct, namely that Socialists in collusion with certain military elements were principally responsible (Embtel 769, October 22).

COCHRAN

No. 241

756D.5 MSP/1-1253: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

CONFIDENTIAL DJAKARTA, January 12, 1953—4 p. m.
PRIORITY

1239. In accordance instructions contained Deptel 1007,[1] I handed personally to Foreign Minister Mukarto 12 noon, Jan 12 two signed notes bearing same date, Nr 117 constituting acceptance proposal for new agreement on economic and technical cooperation and 118 consummating agreement on undelivered balance of constabulary equipment, following outlines provided Deptel 1008.[2]

Mukarto expressed satisfaction at conclusion these arrangements and thanked me for assistance I had given both in Wash and Djakarta. He assured me he had cleared draft texts of agreements with Cabinet members and PNI leaders. In answer my further question, he said he had also provided Cabinet members with info which he had been given by Dept following his visit to Washington with respect to type of note that would be required for obtaining reimbursable aid (ref Deptels 811 and 812).[3]

Mukarto said he felt his US visit and that of Sidik and other associates had brought better understanding by Indos and particularly his PNI party of same attitude and he was confident our relations were definitely improving.

I raised question of publicity on new agreements. Mukarto said he intended give notice to press this afternoon of consummation thereof. I pointed out that *Merdeka* and certain papers of left are already expressing critical interest as to terms of replace[ment] agreement and that pressure would undoubtedly be heavy for release of full details and actual texts. Foreign Minister said he did not expect much opposition as result careful preparation he has made. He said he would submit texts to Foreign Affairs Committee of Parliament at next meeting that group but he did not feel free to make these documents public prior thereto. He promised give me translation his press release by 2 pm today (see Embtel 1240).[4] I told him I hoped this might reflect improved relationship which he had mentioned and might even indicate Indo appreciation of US efforts to extend constructive aid to Indo.

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[1] Document 238.

[2] Document 239.

[3] See footnote 4, Document 235.

It was agreed Embassy would give out no statement on consummation of negotiations and that any local inquiries would be referred to Indo Govt for answer. I feel this especially desirable in view possible repercussions from any statements this Embassy might make. I have followed strictly spirit and letter of Deptel 1007 in transmitting notes soonest possible, notwithstanding my concern over unstable military and political conditions obtaining here.

Foreign Minister stated he would instruct chairman Darmawan of coordinating committee thirteenth get in touch with acting director TCA on aid program (ref Totec Deptel 1030).[5]

COCHRAN

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[4] Telegram 1240, Jan. 12, transmitted the press release which stated that the U.S. aid program had helped Indonesian reconstruction in the past and hoped that on the bases of the new agreement a more extensive program of aid could be arranged in accordance with the foreign policy of the Indonesian Government. (756D.5 MSP/1-1253)

[5] Not printed. For text of the exchange of notes, dated Jan. 5 and 12, providing for the continuation of the agreement on economic and technical cooperation, see TIAS No. 2762; printed in 4 UST 18. A Department of State press release, Jan. 12, outlined the terms and background of this agreement and also summarized the terms of the exchange of notes converting from a grant to a reimbursable basis the transfer of the balance of equipment due under the Constabulary Agreement of Aug. 15, 1950. (Department of State *Bulletin*, Feb. 9, 1953, p. 220)

No. 242

756D.5 MSP/1-2353: Telegram

The Ambassador in Indonesia (Cochran) to the Department of State

CONFIDENTIAL DJAKARTA, January 23, 1953—4 p. m.
PRIORITY

1355. While in Department on consultation November and December I worked with Indo desk on replace[ment] aid agreement for Indo and concurred therein *on one important condition, namely* that Indo Government be informed, in advance any decision on its part replace 511 (a) agreement with 511 (b), of exact nature and wording of requirements with which under US legislation Indo would be obliged to comply before being permitted reimbursable military aid.

As Deptels 811 and 812[1] to Djakarta confirm, a typical note for reimbursable aid was drawn up in Department for submission to Indos. This typical note was cleared as applicable to Burma since I wanted avoid any situation wherein Burma might be permitted obtain reimbursable military aid on terms less stringent than those stipulated for Indo.

Deptel 811, November 26 to Djakarta stated that "in response Mukarto inquiry Department plans furnish Indo Ambassador unsigned draft typical US note set forth Deptel 812 to be regarded as example adequate basis for reimbursable aid agreement." Message concluded with sentence "Department plans supply Indo Embassy above unsigned draft within few days unless Embassy Rangoon reports serious objection." After receipt by Department of Rangoon's approval I was informed by Department's Indo desk officer that effort would be made to get document in Mukarto's hands before he left US. If this was not possible, Department would transmit document through Indo Embassy Washington. With this understanding and on assumption that such action had been carried out, I proceeded with exchange of notes in Djakarta on January 12 which consummated replace[ment] agreement.

Deptel 1116[2] informs me that document in question has not yet been made available to Mukarto or other Indo official by Department. I deny positively that Department ever gave me any reason in December or any other time to believe that action on delivery document would be deferred "in order not risk disturbing the imminent new MSA Agreement." It had been my firm conviction that it would be both unwise and dishonest to permit Indos replace 511 (a) agreement with one which would not permit procurement arms on grant basis unless Indos were fully and specifically informed in advance as to conditions with which they would have to comply to procure military equipment on reimbursable basis after original agreement had been replaced. It was for specific purpose of achieving above-mentioned result with Department that I spent much of my time in Washington. I feel that agreement with Indo has now been obtained in circumstances unfair both to Indo and to myself. I have no intention of presenting Department's "typical note" to Mukarto at this late date and in these circumstances.

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[1] See footnote 4, Document 235.

[2] Dated Jan. 22, not printed.

COCHRAN

No. 243

756D.5 MSP/1-2353: Telegram

The Acting Secretary of State to the Embassy in Indonesia

CONFIDENTIAL WASHINGTON, January 31, 1953—12:43 p. m.

1211. For the Ambassador from Allison.

1. I greatly regret the misunderstanding which apparently has arisen in connection with the non-transmission to the Indonesians of the reimbursable aid draft (Embtel 1355).[1] I have discussed this matter in some detail with the officers concerned and I believe that there are certain points which require clarification. I hope that after reading the following, based on a memorandum from PSA, you will agree that there was certainly no desire on the part of the Department to be unfair either to you or to the Indonesians.

2. It is desk officer's belief his frequent conversations with you here were full and frank, and he did not suspect misunderstanding existed on question when present reimbursable aid draft. This draft (Deptel 812)[2] prepared with your concurrence November 26. Department planned furnish draft Indonesia Embassy "within few days" (Deptel 811)[2] unless Embassy Rangoon objected. Rangoon reported no objection November 28. Returning Washington after week's absence, desk officer brought Rangoon message your attention second week December. He does not recall he then informed you (reftel 3rd paragraph) "effort would be made get document in Mukarto's hands before he left United States", since it then known Mukarto in Germany having left United States about November 26. Desk officer believes and has acted on assumption you stated your approval that presentation of draft be delayed in view new developments Indonesia early December.

3. These included: (a) new flareup Cabinet crisis with rumors imminent resignation Defense Minister and serious Army factionalism, which if unresolved might make end-use control difficult if any equipment requested as reimbursable aid; (b) Indonesian Government's statements December 4 and 13 showing progress toward new Economic Aid Agreement, which in above circumstances could have been disturbed by United States initiative on military type of

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[1] *Supra.*

[2] See footnote 4, Document 235

agreement regardless exact wording. Indonesian attitude this point currently shown by your recommendation Embtel 1350 that proposed press release should include statement "No aid other than TCA . . . requested by Indonesians or suggested by United States".[3]

4. Reimbursable Aid draft therefore not presented before receipt Indonesian Note January 5, 1953 formally proposing new 511 (b) Agreement, and not discussed further with you during remaining consultation here through December 31. Department practice has been notify you whenever it presents important document Indonesian Embassy. In absence such notification, verification status of reimbursable aid draft could have been requested before conclusion new 511 (b) Agreement January 12. Misunderstanding possible, but any "unfairness" to you unintentional.

5. Following Indonesian Cabinet fall February 23, 1952, over 511 (a) Agreement, Department policy has been to leave Indonesian Government initiative on possible Reimbursable Aid Agreement, as on new MSA Agreement concluded January 12 with general favorable press reaction and official Indonesian statement appreciation United States aid. In response Indonesian Note September 9, Embassy Note 52 to Foreign Office September 22 formally stated United States readiness receive requests for reimbursable aid and supply information on procedure. Department officers orally repeated same assurance in response Foreign Minister's inquiry November 14. Indonesian Government accordingly in position ask for exact wording reimbursable aid terms under United States Public Law, if it had wished do so before making its January 5, 1953 formal proposal carrying out its obvious intention replace 511 (a) with 511 (b) Agreement. Department finds it hard believe that Indonesian decision reject 511 (a) would have been altered by full and specific information as to conditions to which Indonesia will have to comply to procure military equipment on reimbursable basis after original Agreement replaced, in view MSA history Indonesia and fact that general nature conditions reimbursable aid are known and Department has indicated its readiness supply details. Department does not consider above procedure "unfair" to Indonesians. (Memorandum ends.)

6. I hope you will agree that this regrettable misunderstanding should not deter attempts to solve major United States-Indonesian

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[3] Ellipsis in the source text. Telegram 1350, Jan. 23, is not printed. The press release referred to was one under consideration to correct erroneous reports in the Indonesian press that the United States was considering an aid program of $200 million to Indonesia. The press release was not issued, particularly in view of a statement by the Foreign Minister that he knew nothing of a $200 million offer. (856D.00 TA/1-353)

issues cited paragraph 5 urtel 1314 January 20. It is believed that friendly but non-committal United States interest at this time might strengthen hand of Mukarto who apparently attempting hold line against Indonesian rubber shipments to Communist China. It is suggested this interest could be shown simply by supplying reimbursable aid draft now pursuant to Mukarto conversation January 20. We believe it desirable to take this action as soon as possible and in accordance with our desire to keep aid negotiations concentrated in Djakarta we had hoped you would present the reimbursable aid draft to Mukarto. In view of the above explanation this is still our hope. However if you continue to feel that this is unwise, we are prepared alternatively to give the draft to the Indonesian Embassy in Washington and explain it fully to the Ambassador. Please let me have your comments.[4]

MATTHEWS

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[4] No response to this message has been found in Department of State files, nor is there any documentation which indicates that the draft reimbursable aid agreement was shown at this time to Indonesian officials either in Djakarta or Washington. Later, on inquiry from the Indonesian Embassy on the subject, a copy was shown to Max Maramis, the First Secretary. (Memorandum of conversation by Coerr, June 29; 756D.5 MSP/6-2953)

No. 244

756D.00/2-1053: Telegram

The Ambassador in Indonesia (Cochran)[1] *to the Department of State*

SECRET DJAKARTA, February 10, 1953—11 a. m.

1493. It is realized that over-all US foreign policy must be evolved through consideration of factors more important than US relationship with Indonesia. However, since Indonesia is new state of almost 80,000,000 people, with great natural and potential wealth, with location of some strategic importance and with declared intention not to take sides in present international struggle, there is merit in endeavoring set out general lines for US policy during coming year. In Embtel 1478[2] I gave review our efforts aid

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[1] Cochran resigned his position as Ambassador to Indonesia and left the post on Feb. 27.

[2] In telegram 1478, Feb. 9, Cochran recommended fiscal year programs of $3 or $4 million to operate solely on the technical level and cautioned against lavish or careless grants of U.S. aid. (856D.00TA/2-953)

Indonesia with public funds. Embtel 1480[3] provided my general views of Indonesian situation as of early 1953.

What Indonesia will do or what will happen to Indonesia this year cannot be forecast with any degree of sureness, since (1) internal developments may upset charted course or (2) external affairs, specifically growing conflict between Democratic and Commie ideologies and forces, conceivably may sweep this defenseless country off its base of independence and Democracy. These are suggestions which it may prove feasible and desirable to follow in our determination to help this young country succeed as sovereign state and in our desire to achieve maximum benefit from our relationship with this country:

I. General.

To practice understanding patience and to exercise unswerving firmness are both essential if we are either to be helpful to Indo on its uphill road or are to command respect due us as greatest world power. We cannot rush Indo openly into our camp and we should be mindful not only of beneficial results but also disadvantages obligations that might follow such achievement.

II. Political.

It is recommended that:

a. Remain in our relations with Indo friendly but not solicitous, interested but not eager. We should maintain in Djakarta consolidated and loyal single US Govt unit which will merit and receive Washington's support for its varied operations.

b. Appreciate Indo interest in international affairs and UN, while reminding them that their greatest contribution at this stage of their development would be to solidify their own state along lines that will ensure its Democratic character and its capability of taking an honorable and influential, although necessarily secondary, position in brotherhood of nations. We should not hesitate where appropriate, to remind Indos frankly they have obligations well as privileges from UN membership. We should also use stronger hand with successor to Palar at UN than has been possible with Palar himself, in view of his early association with UN and US efforts in behalf of Indo sovereignty.

c. Keep close personal contact with both Pres. Sukarno and Vice Pres. Hatta, realizing that Indonesia needs them both, that neither is self-sufficient but they compliment each other in spite of long standing differences in character, ideas and tactics, and that maintenance Indo democracy depends primarily upon these two men. Events described Embtel 1480 emphasize importance Sukarno to nation at this time.[4]

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[3] The summary section of telegram 1480, Feb. 9, reads:

"1953 promises be painful year of forced economies, political party maneuvering, strife—either hidden or open—within armed services, procrastination by weak government on major issues, continuing violent disorders, and efforts of Sukarno as dominating force. Economic-financial situation should be bearable and offer in itself no ground for Communist growth, democracy should survive, and real accomplishments in upbuilding of Indonesian state since 1949 should be more evident once this trying year is over." (756D.00/2-953)

d. Should keep in mind advantages that might accrue to us through Sukarno making his long desired visit US if it is seen he is sufficiently surmounting difficulties at home and sure enough of his own position to permit him follow line of policy and public expression that would have support Indo and still be acceptable US.

e. Be mindful that Sukarno considers our support for question of West Irian greatest possible contribution we can make to help him consolidate his country and keep it non-communist. On Irian question we should maintain position that Indonesia and Netherlands should work out by direct amicable negotiation question of sovereignty over area, while resisting pressure from Australia.

f. Not take any position in drawing Indo into Pacific or other defensive pacts but realize that at some time it might be possible to work out compromise on Irian acceptable to Indos in general framework arrangements with Netherlands, Australia, and Eastern neighbors. We should refrain cautiously from any premature move or hint in this direction as conditions are not propitious now and prospects could be ruined by tipping our hands.

g. Continue with USIS program, perhaps slightly smaller and more subdued, with emphasis on cultural program rather than blatant propaganda output. Specific suggestions along this line to follow by despatch.

III. Economic.

It is recommended that we follow lines laid down in Embtel 1478 and preceding related messages in providing Indo program of economic and technical assistance in FY 53 and 54 intended primarily to increase food production and afford expert engineering-advice and services. Unless Indo shows greater receptivity to and appreciation of this aid, unmistakably of character most needed and most free from suspicion of political strings or influence than have greeted our efforts and offers to date, no further grant assistance with US public funds should be extended. New credits from US public funds should be limited to those which Exim Bank might see fit provide for specific projects. Such projects should be restricted to those J.G. White Engineers find economically feasible and warranted and which would be carried out by US engineering firms under contract approved by Exim Bank.

Indos should be constantly reminded future development their natural resources depends primarily on attracting foreign private capital. They should be provided with documentation and advice on how to treat foreign capital. US private capital already invested in Indo should be given staunch support and Indos given to understand that US Govt demands that its citizens and their capital be properly respected and treated.

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[4] In the telegram, Cochran complimented Sukarno on his handling of the Oct. 17 affair, stating that the President had perhaps prevented a bloody civil war and dictatorship at the time. The message went on to say that Sukarno was having little success in consolidating the country.

All United States official aid to Indonesia should be promptly stopped in event Indonesia contravenes United Nations embargoes or Battle Act, and such aid should be similarly stopped if Indonesia fails to give within 1953 treatment to United States private capital already invested here which would warrant continuation of such investment.

Bilateral treaty of friendship and trade should be negotiated with Indonesia soon as possible, and urgently if denunciation of Round Table Agreements appeared imminent.

We should bear in mind that Indonesians while facing year of financial embarrassment are not confronted with starvation or near starvation and are not likely to be. Their domestic economy will maintain itself at steady subsistence level. We should not approach Indonesian problem with view that aid rendered along economic lines is likely to be reflected in more favorable political outlook.

IV. Military.

It is recommended that:

(a) Indonesia not be looked upon as military ally of potential worth in foreseeable future;

(b) Until present situation within armed forces of Indonesia is more satisfactory, no United States arms be provided such forces even on reimbursable basis;

(c) Equipment for mobile brigade of civil police be provided on reimbursable basis only if request therefore endorsed by President Sukarno (and Vice President Hatta in accord there with following confidential approach to him by Embassy);

(d) United States not offer or be induced to send military mission to replace Netherlands military mission Indonesia in present circumstances and atmosphere;

(e) Consideration be given to identifying those parts of Indonesia which would be militarily most helpful in event third war, perhaps tin islands and Sumatran oil field and refineries;

(f) Service attachés be limited in number but selected for outstanding ability in intelligence work;

(g) Visits to Indonesia by United States service planes and naval vessels be avoided until atmosphere improves or genuine necessity arises.

V. Conclusion.

Indonesians are likely to remain sensitive and suspicious over course coming year. They will not make decision to join publicly with United States and Western Allies against communism. We are more likely to bring them voluntarily into this position if we move cautiously and underplay rather than overplay our hand. They may awake to menace of communism if infiltration in Nationalist Party continues and if Communists move too quickly, as they have on occasion in the past. Whether their realization of menace comes as result internal development or external moves, or simply more realistic Indonesian thinking, we are more likely to be able to capitalize on it if we have been circumspect in past and not made overt moves aimed at pushing Indonesians one direction or the other. Our actions during this period should be aimed at convincing Indonesians they are not vital to United States interests and that it is up to them to show us what they want and what they deserve.

COCHRAN

No. 245

756C.022/2-2553

Memorandum of Conversation, by the Director of the Office of Philippine and Southeast Asian Affairs (Bonsal)

TOP SECRET WASHINGTON, February 25, 1953.

Subject: United States Position with Regard to Dutch New Guinea (Irian)

Participants: Mr. F. S. Tomlinson, Counselor, British Embassy
Mr. Philip W. Bonsal, PSA

Mr. Tomlinson came in at my request today. I thanked him for the oral statement which he had made to me on January 30 with regard to the British position on the Dutch-Indonesian controversy over Western New Guinea. I said that I understood the British position to be (1) that the Indonesians have no valid legal claims to the area; (2) that even if they did, the Indonesians are in no position at the present to take on added responsibilities; and (3) that the British could advocate no course of action which the Australians would regard as inimical to their security (Australian opposition on security grounds to Indonesian occupation of Western New Guinea is well known). Mr. Tomlinson concurred in this summary of his statement.

I then said that the US position was as follows: (1) the US has taken no position regarding the validity of the claims advanced either by the Netherlands or by Indonesia to Western New Guinea; (2) while the US has demonstrated in a constructive fashion its concern for the security of Australia, the UK's statement that it "could never endorse any course of action which the Australians regarded as endangering their security" must be viewed as a unilateral position.

I added that I thought we were in agreement with the British regarding the undesirability of having matters come to a head between Indonesia and the Netherlands over this issue. I stated also that the Secretary had made clear in the course of the UN Assembly last fall in conversations with the Dutch, Indonesian and Australian Prime Ministers our hope that the problem would be settled by the Netherlands and Indonesia, as well as the fact that it was not our policy to intervene on the question.

No. 246

INR-NIE files[1]

National Intelligence Estimate[2]

SECRET
NIE-77

[WASHINGTON,] June 11, 1953.

PROBABLE DEVELOPMENTS IN INDONESIA[3]

THE PROBLEM

To estimate the current situation and probable developments in Indonesia.

CONCLUSIONS

1. In Indonesia, the replacement of the provisional regime by a duly elected government is an essential step toward the development of a stable and effective administration. We believe that the government will probably meet its commitment to hold Indonesia's

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[1] Files of National Intelligence Estimates, Special Estimates, and Special National Intelligence Estimates, retained by the Directorate for Regional Research, Bureau of Intelligence and Research.

[2] National Intelligence Estimates (NIE's) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems. NIE's were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the Central Intelligence Agency (CIA), approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of Cabinet level and the National Security Council. The Department of State provided all political and some economic sections of NIE's.

[3] A note on the cover sheet reads: "The Intelligence Advisory Committee concurred in this estimate on 2 June 1953. The FBI abstained, the subject being outside of its jurisdiction. The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff."

first national elections for a Parliament and for a constituent assembly sometime in 1954. Elections in themselves, however, will not solve the many problems facing the country nor will they necessarily assure a stable government.

2. Even after elections, much will depend on the actions of a few political leaders, whose personal goals and motives are not readily discernible. At present, President Sukarno is the principal national leader. His prestige is based on his early leadership in the struggle for independence, his popularity with the Indonesian people, and his claimed independence of political party. Hence, he provides a focus of loyalty for a variety of political and military factions.

3. The internal security problem is a major obstacle to the development of stable government in Indonesia. Suppression of dissident elements has been hampered by political considerations and by the limited effectiveness of the army. However, we believe that no dissident group has the capability of overthrowing the government. If a stable government develops, action against dissident groups will probably become increasingly effective.

4. The strength of the Communists in Indonesia derives from: (a) their position as a major bloc in Parliament; (b) their control of the dominant labor federation; and (c) the presence of some Communists and Communist sympathizers in the armed services, the police, and the bureaucracy. The Communists consequently have the capability to cause serious disruption, though not to overthrow the government by direct military action. The extent of Communist capabilities after the elections will depend, for the most part, on the attitude of the government toward international Communism and, in particular, toward the indigenous Indonesian Communists; the effectiveness with which the government acts to improve economic conditions; and the ability of the government to suppress armed groups and to effectively maintain law and order.

5. The Indonesian economy, which depends heavily upon raw material exports, is presently depressed because of the fall in world commodity prices. The economic situation will continue to be precarious through 1953. Despite the immediate prospect for a continued deficit balance of payments and a continued low level of internal economic activity, a serious economic crisis does not appear likely in 1953.

6. Indonesian foreign policy is chiefly motivated by a desire to maintain an independent position in the world, and by an attitude of neutrality in the East-West struggle. However, so long as Indonesia's major trade relations remain with the West, Indonesia will probably continue to be closer to the West than to the Soviet Bloc.

7. At best Indonesia will have only begun to solve her basic economic, political, and internal security problems by the end of 1954.

In time, the government may increase its effectiveness, eliminate the remaining dissident groups largely by attrition, and improve its economic situation. However, serious difficulties must be overcome, many of which, if not effectively dealt with, might result in a crisis which would seriously weaken, or even result in the collapse of, the central government.

[Here follows the "Discussion" section of the paper, comprising paragraphs 8–59.]

No. 247

756D.58/5-1553

The Under Secretary of State (Smith) to the Secretary of Defense (Wilson)

TOP SECRET WASHINGTON, June 23, 1953.

MY DEAR MR. SECRETARY: The Ambassador of Indonesia has asked that the United States Government explore the possibility of sending a military training mission to Indonesia. He envisages a mission of "200 officers" (which in Indonesian usage probably includes non-commissioned officers) to train air, naval and ground forces at Indonesian expense.

The Ambassador first raised this question personally and informally on April 1. On May 15 he renewed his inquiry under "definite instructions" from his Government. On June 7, the Ambassador left for Indonesia to participate in talks preparatory to forming a new government to replace the Wilopo Government which resigned on June 3. Prior to his leaving, the Ambassador was informed on June 6 that we had not been able to explore fully his inquiry of May 15 and that we could not indicate what our answer would be to a formal request nor make any commitment, but that such a request would receive sympathetic consideration subject to conditions then prevailing. The Ambassador said that he was pleased to know we would not refuse to give a request consideration and that this would help him in the talks he was going to attend.

Indonesia has had, since the transfer of sovereignty by the Netherlands on December 27, 1949, a Dutch Military Mission of about 1,000 men. Largely because of persistent Indonesian public hostility to the presence of Dutch military personnel, the two countries have agreed to terminate the Dutch mission by 1954. That mission's departure is viewed with silent but genuine regret by the Indonesian Chiefs of Staff who realistically appreciated its experienced help but recognized its political incompatibleness. Any return of the Dutch Military Mission seems out of the question. Indonesia desperately needs a replacement, however.

Prior to their approach to us, the Indonesians have informally approached several other non-communist countries, including Australia. From the Indonesian point of view, it appears that all but the latter are unable to provide what Indonesia wants. The Indonesians want one mission from the military forces of a country strong in all three service branches. In the most recent talks on this matter between Australian and Indonesian officials (held at a moment when internal political conditions were fluid in Indonesia), the Indonesians "backtracked" somewhat and after a preliminary study the Australian Defense Committee believes it would be "extremely difficult" to furnish the mission and would be inclined to recommend against it because of shortage of military personnel in Australia. Unless a further request is received, it is understood the Australians will take no further action.

Indonesia is faced with the immense problem of organizing former guerrillas into a modern army capable of dealing effectively with the dissident armed groups which continually weaken and threaten the existence of the non-communist Indonesian Government. She will need help in military training and it is in our interest that she get adequate assistance from some country in the free world.

If Indonesia were to select the United States as the source of a training mission for its armed services, this action would be widely interpreted as evidence that Indonesia considered its "independence" required alignment with the United States. The Ambassador's inquiry is therefore a startling and crucial overture.

A successful American military mission to Indonesia, at the formal request and with the support of the Indonesian Government, could strengthen that Government and its ties with the United States and bring increased friendship and understanding between the American and Indonesian armed services. The presence of an American military mission in traditionally neutral Indonesia would also have a bracing psychological effect on other countries in Southeast Asia now faced with a critical period as a result of the invasion of Laos.

For the United States to rebuff or respond inadequately to any future request would risk paralyzing those groups within the Indonesian Government who prefer the free world and would likely strengthen those who wish to seek help elsewhere. If Indonesia's need became sufficiently desperate, it is conceivable that an overture would be made to the Soviet Bloc which might be tempted with the prospect of sending a military mission to that large, wealthy and strategic area, as well as by the prospect of a propaganda victory. Conversely, a friendly and sympathetic reply could help Indonesia remain non-communist and draw it another step toward the free world.

Although there would undoubtedly be many difficulties, including political, which a United States military mission might encounter in Indonesia, American military training would not be entirely new to the Indonesian armed forces. A number of army and police officers have attended service schools in the United States. Some 60 Indonesian air cadets were successfully trained in the United States under a private contract in 1951. The Indonesian air force has depended almost entirely on a number of American pilots under private contract for the domestic training of its air cadets. On several occasions the Indonesian Chief of Staff for Navy has inquired about training in the United States for Indonesian naval officers.

A problem we would have to solve, before making response to a formal request, would be a possibly adverse Dutch attitude to a United States military mission to Indonesia, although the strengthening of the Indonesian Government's ability to deal with dissidents and the greater security of the non-communist Indonesian Government would appear greatly to the Dutch advantage. Our Ambassador at The Hague, however, believes that there would be strong Dutch objections to an American military mission succeeding the Dutch. Before a final decision is made, the possibility of difficulties with the Dutch would have to be weighed against advantages to be gained from a United States military mission in Indonesia.

It is not likely that the Indonesian request will be formalized during the next several weeks pending the formation of a new government. The Indonesians want a replacement mission by the beginning of 1954. It is desirable, therefore, that we get a coordinated view within our own Government of the military and political aspects of the problem which would be posed by a formal request and that we be in a position to act promptly on any new approach.

I would be grateful if the Department of Defense would make a preparatory study of the feasibility, from the military viewpoint, of a military mission to Indonesia consisting of 200 United States officers and non-commissioned officers.

Sincerely yours,

WALTER B. SMITH

No. 248

756D.13/8-153

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Johnson) to the Secretary of State

CONFIDENTIAL WASHINGTON, August 1, 1953.

Subject: New Indonesian Cabinet

The two dominant political parties in Indonesia are the Masjumi (Moslem) and the PNI (Nationalist). Each controls about 40 of Parliament's 222 seats. Each, to gain control of the Government in the face of the other's opposition, needs the support of minor parties such as the PIR (a moderate civil servants' party—17 seats), PSI (Socialist—15), Nahladatul Ulama (conservative Moslem—17), Catholic—15, PKI (Communist Party) and solid leftist bloc—25.

Indonesia's first cabinet, under Premier Hatta, was a Masjumi–PNI coalition, as were its third and fourth (Premiers Sukiman and Wilopo). Its second, under Natsir, was a Masjumi cabinet which could not survive PNI opposition. Indonesia's fifth and current cabinet is for the first time dominated by the PNI, which relies heavily on minor, and very mixed, parties such as the PIR, and the Nahladatul Ulama, and especially on leftist parties close to the PKI, which will probably be very influential although not formally represented. The Masjumi and PSI are excluded.

The immediate issue which caused the resignation of the Sukiman cabinet June 2, 1953 was a PNI–PKI challenge of a land redistribution policy being carried out in North Sumatra under the Masjumi Minister of the Interior, Dr. Rum. The PNI group opposes ratification of the Japanese Peace Treaty (as a "pro-western" step in violation of Indonesia's independent foreign policy), and favors the early establishment of an Indonesia embassy at Moscow. Although Indonesia has steadfastly honored the UN embargo against Communist China, despite a rubber surplus and a rice deficit, the PNI group may move to change this policy. The PNI group favors the nationalization of Shell properties in North Sumatra. On all of these issues it is opposed, in varying degree, by the Masjumi group. PNI–Masjumi strife is reflected in factionalism within the armed forces.

President Sukarno, in his surprise acceptance of this one-sided cabinet, is accused of having declared for the PNI. Vice President Hatta, and the influential former Minister of Defense, the Sultan of Djokjakarta, are probably opposed to such PNI dominance and certainly to such PKI influence. Prime Minister-designate Ali Sastroamidjojo, who has been Indonesia Ambassador to the United

States, is regarded as more moderate and friendly to the U.S. than his PNI colleagues.[1]

The basic issue in the Indonesian political struggle for power is becoming the question of whether or not to cooperate with the Communists. The latter are playing a very effective popular front game. The PNI is non-Communist, but apparently believes it can cooperate profitably with the PKI. The Masjumi, the Socialist and the Christian parties have refused. They will constitute formidable parliamentary opposition, and conceivably may take to force if desperate.

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[1] On July 31, the Chargé in Indonesia, Hohenthal, reported: "Cabinet will obviously be strongly leftist in both domestic and foreign policy and probably hostile to US interests." (Telegram 113; 756D.13/7-3153)

No. 249

601.56D11/8-453

Memorandum of Conversation, by the Director of the Office of Philippine and Southeast Asian Affairs (Bonsal)

SECRET [WASHINGTON,] August 4, 1953.

Subject: Farewell Call On Indonesian Ambassador

Participants: His Excellency Ali Sastroamidjojo, Ambassador to [*of*] Indonesia
PSA—Philip W. Bonsal

I called on the Indonesian Ambassador in order to say goodby to him prior to his departure for Djakarta next Friday. He stated that he will arrive in Djakarta about August 11.

After the usual exchange of amenities and courtesies, together with a very sincere expression on my part of regret at the Ambassador's departure, I said I was glad he was seeing the President on August 6. I inquired whether there was any particular subject which he would like to take up with the President the discussion of which might be facilitated by prior advice. He replied in the negative stating that he envisagad merely a courtesy call and that he would not wish in any way to embarrass the President by bringing up subjects on which the President was not prepared and that, at most, he would merely refer to some of the topics which he has discussed from time to time with his friends in the Department.[1]

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[1] See Part II, section entitled "Respect for Indonesia's 'Independent' Policy," of Document 251.

I stated that I had been to some extent concerned at press reports regarding the character of the new Indonesian Government which Dr. Ali is to head. I said that I felt these reports, originating from Djakarta, were undoubtedly inaccurate to the extent that they contributed a pro-Communist tendency to the new Government; that I wondered how Dr. Ali accounted for this sort of analysis of the political situation in Indonesia. The Ambassador replied by stating that it was ridiculous to consider that these stories reflected the truth. He stressed that his own position in opposition to Communism was well known and that his party had not forgotten the many victims it had suffered in the Madiun uprising in 1948. He said that, of course, the Nationalist Party is a party which originated in the Indonesian revolution and that it undoubtedly has aspirations which some people characterize as "socialistic" but he expressed in strongest terms the democratic foundation of the party's philosophy. The Ambassador also referred to his own conviction as to necessity for foreign investment in Indonesia and that the position which he has stated in the United States on this subject continues to be the position which he will further as Prime Minister.

Referring again to the press stories regarding the Government which he is to head, the Ambassador said that both the first Vice President Wongsonegoro of the PIR and the second Vice President Arifin of the Nahladatul Ulama would not have been allowed by their parties to participate in a Government with Communistic tendencies. He said that the first Vice President belongs to a party which draws its strength chiefly from senior public officials who are far from being "Red" and cannot even be described as being "pink", while the second Vice President belongs to a very old established Moslem crowd of markedly conservative tendencies.

The Ambassador said that even without the support of the Communists which had been promised his Government as long as his Government's policy meets with the approval of the Communists he felt that he would have a small but comfortable majority in the Indonesian Parliament. His calculation seems to have been reached by adding to the 114 votes (of the total 212 votes) controlled by the Governmental parties, the votes of a certain number of independents and of smaller groupings who would not vote against the Government.

The Ambassador then took occasion to state that he had been much concerned at the poor press Indonesia has been receiving in recent months not only with respect to the new Government but also in general. He said that he contributed [*attributed*?] this bad press very largely to the activities of reactionary Dutch elements principally businessmen, who, according to the Ambassador, desire to maintain a monopolistic position in Indonesia by frightening other capitalists who might be inclined to invest there. I expressed surprise and regret at this allegation if true, stating, as I had frequently done to the Ambassador, that it seemed to me that a smooth cooperation between Indonesia and the Netherlands could be extremely beneficial to both countries and that it need not involve the elimination of cooperation between Indonesia and other friendly governments.

The Ambassador agreed in general to this proposition but stated that unfortunately we must face the fact that there are two issues preventing good relations between Indonesia and the Netherlands, in addition to the hostility of the business interests to which he had referred. These two issues are, first, the Netherlands-Indonesian Union and, second, "Irian" (Western New Guinea). He said that both he and Ambassador van Roijen thought the Union might as well be dissolved since it serves no purpose. The Ambassador took occasion to speak very highly of van Roijen and the personal relations which he enjoyed with him. Turning to Irian, the Ambassador stated that this remained the key issue between the Netherlands and Indonesia. He said, as he has frequently done in the past, that the U.S. by recognizing the legitimacy of Indonesia's aspirations in the matter could convert the already friendly feeling in the U.S. into a feeling of great sympathy and ardent friendship. He said that he thought we should assume in this matter a clear-cut anti-colonial attitude although he recognized the difficulties of the problem from our point of view. He referred to a recent conversation which he had with the Secretary in which the latter described to him the increasingly successful efforts which we are making to induce the French to drop colonial attitudes in Indochina. He said he hoped we would take some sort of similar attitude in the matter of New Guinea. In reply I outlined for the Ambassador our well known position of neutrality in this matter and the hope that the two parties concerned would work out a solution. He recognized that this hope had been somewhat dimmed by the passage of time. I asked the Ambassador whether in the event that a direct settlement would not appear possible, he envisaged any initiative to secure a settlement on the part of his country by means other than direct negotiation. He made no clear-cut reply, merely reiterating his statement of hope.

The Ambassador stated, in reply to a question, that it was the policy of his Government to proceed with plans for the holding of elections. He said that the Minister of Justice and other officials were well known to him and he felt full preparations would be activated although the problem from the mechanical point of view is a difficult one.

In the course of conversation the question of rubber came up. I expressed appreciation for the economic and political problems which Indonesia is facing as a result of the present state of the rubber market. I also expressed appreciation of Indonesia's adherence to the UN resolution as evidenced by her failure to ship rubber to Communist China. I said that I hoped this attitude would be maintained, particularly through the present highly critical period when it seemed to us and also to other members of the UN that any relaxation of measures of this sort would be highly damaging. The Ambassador said that he had received in most vigorous terms a similar statement from Mr. Robertson and he gave every indication of agreeing that no action would be taken at present. The Ambassador also took occasion to express his satisfaction with the recent Congressional legislation on the disposal of synthetic rubber plants and agreed with me that the points which the Indonesian Government has been concerned with are, to some extent at least, being remedied by recent legislation.[2]

In closing, I said that while it would be difficult to replace him as Ambassador, I hoped that his Government would not delay in the selection of his successor as long as we have delayed in finding a successor for Ambassador Cochran. He replied that he would give the highest priority to the appointment of a new Indonesian Ambassador here and that he hoped it would be possible to make a prompt and highly suitable selection. He said also that one of the first orders of business upon his return would be the consideration of our request for an agreement for a new American Ambassador to Indonesia. I expressed appreciation and said that the person in question was an old personal friend of mine and that I thought he would do a very good job in Indonesia. This remark was taken in good part by the Ambassador.

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[2] Reference is to S. 2047 and H.R. 5728. H.R. 5728 was subsequently enacted into law as the Rubber Producing Facilities Disposal Act of 1953, approved Aug. 7, 1953. (67 Stat. 408)

No. 250

756D.58/8-2753

The Assistant Secretary of Defense for International Security Affairs (Nash) to the Under Secretary of State

TOP SECRET WASHINGTON, August 27, 1953.

DEAR GENERAL SMITH: I refer to your letter of 23 June 1953 to the Secretary of Defense concerning the request by the Ambassador of Indonesia that the United States Government explore the possibility of sending a military training mission to Indonesia. It was requested by the Department of State that the Department of Defense make a preparatory study of the feasibility, from the military viewpoint, of a military mission to Indonesia consisting of 200 United States officers and non-commissioned officers.

This matter was referred to the Joint Chiefs of Staff for their consideration. They have stated their belief that the establishment of the United States military mission to Indonesia would be in consonance with policy set forth in paragraph 17 of NSC 124/2[1] and such a mission would contribute materially to the organization and development of the armed forces of Indonesia and would facilitate the establishment of a more comprehensive military liaison than now exists between the two countries.

They stated further that although the desired composition of the mission has not yet been indicated, it is believed a mission of 200 would be too large, and that no commitment regarding size of the mission should be made at this time. It is felt that qualified personnel for a suitable mission can be made available and that approximately four months would be required for instruction and orientation of the personnel selected for assignment to the mission.

It is the opinion of the Department of Defense that the assignment of a United States mission to Indonesia is feasible from a military point of view.

Sincerely yours,

FRANK C. NASH

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[1] See Part 1, p. 125.

No. 251

S/P-NSC files, lot 61 D 167, "Indochina"

Memorandum by the Secretary of State and the Acting Secretary of Defense (Anderson) to the Executive Secretary of the National Security Council (Lay)

TOP SECRET [WASHINGTON,] August 27, 1953.

Subject: Indonesia

References: 1. NSC 124/2, "United States Objectives and Courses of Action With Respect to Southeast Asia".[1]

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[1] See Part 1, p. 125.

2. First Progress Report on NSC 124/2, dated August 5, 1953.[2]
3. NSC Action 872-b, dated August 6, 1953.[3]

In accordance with your request pursuant to Reference (3), there is transmitted herewith a Current Supplement to the Indonesia Section of Reference (2). It is requested that this be circulated to the Members of the Council for their information.

ROBERT B. ANDERSON JOHN FOSTER DULLES

[Annex]

SUMMARY

CURRENT SUPPLEMENT TO INDONESIAN SECTION OF FIRST PROGRESS REPORT ON NSC 124/2, AUGUST 5, 1953

Part I is a "Survey of the Current Political Situation in Indonesia" which states that: (1) The new cabinet is probably influenced, but by no means dominated, by communists. (2) The Moderates are politically and militarily too strong for the communists to take over the government now. (3) The new cabinet's threat to our objectives lies less in the likelihood of new Indonesian policy than in the opportunity it presents for gradual communist infiltration. (4) It is too early to tell the cabinet's course of what changes in our policy may be necessary and effective. (5) Pending NSC action on the Planning Board recommendations which it is required to prepare in accordance with NSC Action No. 872-b, U.S. policy and courses of action will continue as stated in NSC 124/2 and in Part II of this supplement.

The most important of these courses of action, which are set forth in Part II, "United States Courses of Action Toward Indonesia", are: (1) respect for Indonesia's "independence"; (2) neutrality in the New Guinea dispute; (3) responsiveness to Indonesia's rubber and tin export problems; (4) personal influence; (5) grant economic aid; (6) readiness to extend reimbursable military aid, and to give sympathetic consideration to a formal request for a military training mission, subject to conditions then prevailing.

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[2] Not printed. (S/S-NSC files, lot 63 D 351)

[3] In this NSC Action, the National Security Council directed its Planning Board to study and make recommendations on the developments in Indonesia. (PPS files, lot 64 D 563, box 730)

PART I

SURVEY OF CURRENT POLITICAL SITUATION IN INDONESIA

August 24, 1953

1. Reason for Survey

Non-communist leaders • have held the political and military power in Indonesia so far, but doubts as to their ability to remain in power have been stimulated by the character of Indonesia's fifth and current cabinet which President Sukarno accepted August 1, 1953, with Dr. Ali Sastroamidjojo as Premier.

2. The Ali Cabinet

a. *Political Composition*

Three of Indonesia's 4 previous cabinets have been based upon coalitions between its 2 major parties, the Masjumi (Moslem) and PNI (Nationalists). One short-lived, although capable, Masjumi Cabinet could not survive PNI opposition. The Ali Cabinet is dominated by the PNI, in coalition now with a strange mixture of minor nationalists, conservative Moslem, and leftist parties. Of the cabinet's 20 seats the PNI holds 4, consisting of the Premiership and Ministries of Foreign, Financial and Economic Affairs. Minor nationalist parties such as the PIR (Greater Indonesian Union), the PRN (National People's Party) and Parindra (Greater Indonesian Party) have 7 more ministries, including Interior, Labor and Information. Two minor Moslem parties, the Nahladatul Ulama and the PSII (United Islam Party) occupy 5 ministries, including Justice and Religion. The remaining 4, including the important post of Defense, are held by minor Marxist parties and one kindred independent. The Ali Cabinet is also significant for the parties it omits. On the one hand it has no known member of the PKI (Communist Party). On the other, it contains no representative of the moderate Masjumi, Catholic, Protestant and PSI (Socialist) Parties. Of this group the PSI was excluded from, and the other three parties refused participation in, the Ali Cabinet.

b. *Ministers' Previous Records*

Our Embassy reports that 4 of the new ministers can be expected to cooperate willingly with the Communists. Abidin (Labor Party), Minister of Labor, is the one most openly under Communist influence. He recently returned from several months' tour of Communist China and has been lecturing extensively on labor's happy lot in that country. His Labor Party and a union under its control have been systematically raiding and attempting to split non-communist unions. Eng Ong Die (PNI) Finance, started the "World Peace Movement" in Indonesia, was temporarily arrested in the

Government's 1951 security sweep, is opportunistic, unscrupulous, and reportedly an associate of known Communists. Sadjarwo, Minister of Agriculture, founded the Communist-controlled Indonesian Farmers' Association, and has been cooperating with the PKI in Parliament. Iva Kusumasumantri (Progressive), Minister of Defense, spent 1926 in Moscow, was a member of the leftist group among the Indonesian leaders who fought for independence, and has voted with the Communists on most issues in Parliament. Our Embassy also reports that an additional 4 ministers—Sunario (PNI) Foreign Affairs, Djody (PRN) Justice, Abikusno (PSII) Communications, and Yamin (Independent) Education—can be expected to support some aspects of the PKI program either through naiveté or expediency.

It is significant, however, that although the records of the ministers reveal leftist or naive political character, they do not reveal leftist membership in the PKI. This is a real distinction which in the past has resulted in action divergent from the Communist line, and may be expected to do so in the future. Kusumasumantri, for instance, refused to support Musso, the Moscow-trained PKI leader who led the ill-fated Communist armed revolt in Java in 1948. Sadjarwo, returning home after serving as Indonesia's chief delegate at the Rubber Study Group Meeting at Copenhagen in April [*May*] 1953, spiked rumors that the United States had opposed the calling of a rubber stabilization conference, and thereby did the PKI a considerable disservice.

Premier Ali, hitherto Ambassador to the United States, is expected to exercise a moderating influence.

c. *Parliamentary Support*

In Parliament the cabinet coalition could aggregate about 100 votes of the total 210, and will need votes of the Communist bloc (23) to convert its plurality into a majority. The PKI has, in fact, been supporting the PNI on many issues. The moderate opposition of the Masjumi, PNI, Catholics, Protestants and one minor nationalist party could muster about 87 votes. These maximum figures furnish a useful guide to comparative strength although, in practice, total parliamentary votes on any one issue rarely exceed 150, and party discipline is frequently broken.

3. The Ali Cabinet's Program

a. *Domestic Affairs*

The Ali Cabinet coalition will be unable to act in unison on many issues. It will give lip service to early holding of *general elections* but may procrastinate, since under present conditions the Masjumi could probably count on a large popular vote. The cabinet is under pressure, politically inspired by the PKI, to take drastic action against the Darul Islam (a guerrilla group of bandits and fanatic Moslems), but this will probably be opposed by the 5 Moslem ministers of the Nahladatul Ulama and the PSII. The PNI's intention of *nationalizing* the Shell properties in North Sumatra may be opposed by the PIR, PRN and the Nahladatul Ulama.

b. *Foreign Affairs*

Greater, although incomplete, intra-cabinet accord is expected in foreign affairs. The Ali Cabinet will probably try to sharpen up Indonesia's foreign policy of "independence" by making a show of increasing relations with the Soviet Bloc to counterbalance existing ties with the West. It is expected to implement the Rondonuwu Motion of April 1953 which called for the establishment of an Indonesian Embassy in *Moscow* before the end of the year; to favor a bilateral peace treaty with Japan; to advocate the amendment or replacement of the *Netherlands-Indonesian Union;* to continue pressing Indonesia's claim to *Western New Guinea;* to question the value of *American economic aid;* and to consider actively the increasing of trade with the Soviet Bloc and the shipment of rubber to *Communist China.* In the latter respect, however, Indonesia has so far honored, and been deterred by, the UN embargo.

c. *President Sukarno's Address of August 17*

A preliminary barometric reading of the Ali Cabinet's course is supplied by President Sukarno's Independence Day address August 17. For a President spoken of as having just picked a "Communist-dominated" cabinet, his talk was unexpectedly mild and his approach to domestic problems constructive. He did not mention the shipment of rubber to Communist China. His comment on Western New Guinea was less violent than heretofore. He referred to the "good" relations between Indonesia and the United States. He praised aspects of the TCA program and, in the scales of Indonesian "independence", balanced TCA only with Indonesia's participation in the Colombo Plan.

4. Current Situations' Effect on United States

a. *Chief Significance: Communists vs non-communists*

Although to Indonesia the prime importance of the Ali Cabinet is that it symbolizes an almost irreconcilable hostility between the PNI and the Masjumi (as now constituted), to the United States the cabinet's chief significance is that it sharpens the issue between Communists and non-communists, despite the characteristic Indonesian desire to remain "neutral". Born with the approval of the PKI and the hostility of the moderates, it steps up the polarization between them. Non-communists are being forced to become increasingly anti-communist. Among the major forces in Indonesia, the PKI clearly occupies the left of the stage. In the center is the PNI, favored by President Sukarno, which apparently believes it can practice political expediency with impunity in accepting Communist support. On the right are the moderates—the Masjumi, PSI, Christians and Catholics. These can probably count on the political support of many career officials in the various ministries and of such leaders as the Sultan of Djogjakarta and Vice-President Hatta. The moderates can probably count as well on the potential military support of the "October 17" group of officers who challenged the PNI-dominated Parliament one year ago and who could probably command the allegiance at least of the army divisions in North Sumatra and West Java, and possibly of the Mobile Constabulary Brigade. The Communists do not appear strong enough to make any immediate bid for power.

b. *Chief Threat: infiltration*

The Ali Cabinet, by virtue of its own internal divergencies and the nature of its opposition, will probably find it difficult both to act and to survive. Its chief immediate threat to the success of United States policy toward Indonesia lies less in its potential executive and parliamentary action than in the opportunity which it presents for the gradual Communist infiltration of key civilian and military positions. This process will probably be watched for and opposed by the non-communists.

5. United States Policy

It is still too early to tell accurately how the Ali Cabinet will affect Indonesia, and what changes in United States policy may be necessary and effective. The CIA is preparing a special estimate on the current situation in Indonesia which, along with the supplement to the First Progress Report on NSC 124/2, will be used by the Planning Board as a basis for the preparation of recommendations to the NSC with respect to future U.S. policy and courses of action in Indonesia.[4]

Pending NSC action on the Planning Board recommendations referred to above, U.S. policy and courses of action will continue as stated in NSC 124/2 and Part II of this supplement.

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[4] See Document 253.

Part II

United States Courses of Action Toward Indonesia

(Listed under NSC 124/2 Objectives)

Para. 17 a. "Seek to strengthen the non-communist political orientation of the government . . ."[5]

1. Respect for Indonesia's "Independent" Policy

The Indonesian Government, inspired by nationalism, wary of any foreign influence, and afraid of involvement in the conflict between the United States and Russia, pursues a sensitive policy of "independence" in its foreign relations. To strengthen the non-communists, who so far have held the political and military leadership in the Indonesian Government, the United States has attempted in action and in speech to set forth its respect for Indonesia's independence.

This attitude was illustrated in the United States handling of difficulties which arose under the Mutual Security Act. In an exchange of notes with the American Ambassador January 5, 1952, Indonesia's Foreign Minister gave assurances under Section 511(a) of the MSA, in order to continue programs of economic and military grant aid. That "511(a) Agreement" became widely misunderstood and suspected as a violation of Indonesia's independent policy, and precipitated the fall of the Sukiman Cabinet. The Indonesian Government nevertheless honored its commitment, and the succeeding Cabinet under Premier Wilopo asked to replace it with assurances under Section 511(b) which would continue grant economic but discontinue grant military aid. The new agreement was signed January 12, 1953, after having been foretold in the Indonesian press and announced by President Sukarno to Parliament. The United States action in permitting the MSA agreement to be renegotiated not only removed a large part of the public suspicion of American aid, but also gave evidence that the non-communist Indonesian Government was in fact able independently to negotiate on the basis of equality.

On August 6, 1953, President Eisenhower gave the United States attitude explicit expression in a conversation with Prime Minister designate Sastroamidjojo when, after discussing newspaper reports that the new Indonesian Cabinet was dominated by Communists, the President voiced our strong hope that Indonesia will be able successfully to preserve its independence.

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[5] All ellipses in this document are in the source text.

2. Neutrality in New Guinea Dispute

The Round Table Agreements provided that within one year from Indonesia's acquisition of independence "the question of the political status of New Guinea be determined through negotiations" between the Netherlands and Indonesia. The question is still unsettled and has become a highly sensitive issue in both countries. The Netherlands, strongly backed by Australia, continues to administer New Guinea. Both sides have solicited United States support. United States relations with either country would suffer seriously if the United States were to support the other's claim. President Sukarno and the preponderance of Indonesian political parties concentrate on the New Guinea issue the fervor of nationalism and the fear of resurgent colonialism. The United States has pursued an avowed policy of neutrality in this issue.

3. Responsiveness on Natural Rubber Market Problems

Falling rubber prices are a most serious obstacle to the United States good relations with Indonesia, which, with annual exports exceeding 700,000 long tons, accounts for about 40 percent of the world's production. As Indonesia's biggest customer, the United States gets the blame for the decline which has followed the Korean war boom. Natural rubber brings in about 46 percent of Indonesia's foreign exchange earnings and over 11 percent of government receipts. It is the main livelihood of hundreds of thousands of "small-holders" whose sales are hardest hit by falling prices, and whose susceptibility to communist propaganda is increased by the resulting economic hardship. Trying to remedy these real political and economic problems, the Indonesian Government has advocated international rubber stabilization and has sought United States assistance with regard to the latter's rubber policy.

The United States has responded factually and as sympathetically as possible. In 1951 the General Services Administration offered a large-scale, two-year contract which Indonesia, much to its present regret, turned down in favor of an 18-month contract for 15,000 tons which was completed in March, 1953. At the Copenhagen Meeting of the Rubber Study Group in May, 1953, the United States avoided opposing a proposal to call a rubber stabilization conference, although the United States said it did not at that time see the economic need for a commodity stabilization agreement. This enabled the Indonesian delegate (Sadjarwo, Minister of Agriculture in the present cabinet) courageously to deny subsequent widespread charges that the United States had opposed stabilization. The U.S. manufacturers at the Meeting made a statement which was construed as an expression of willingness to take any surplus of natural rubber off the market during the next 12 months. In its long note of May 4, 1953, the Indonesian Government expressed interest in several points concerning synthetic production as related to the price of natural rubber. The United States has since replied referring to favorable action on major points such as the cutting down of alcohol-base production August 1, 1953, and the passage of legislation providing for the disposal of the synthetic plants to private industry.

4. Three-year Tin Contract

Indonesia produces about 34,000 tons of tin a year, about 20 percent of world production, which accounts for 10 percent of its foreign exchange earnings. The mines are predominantly government-owned. In March, 1952, the United States, both to complete its own stockpile requirements and to assist the Indonesian Government in its desire to stabilize prices, signed a contract whereby the Reconstruction Finance Corporation agreed to purchase 18,000-20,000 tons annually for $1.20-3/4 c.i.f. New York. The contract runs for three years, with the price to be renegotiated at the end of the second. The RFC, however, has stated it has a "total lack of interest in acquiring additional stocks at any price", which indicates the RFC desires to terminate the contract at the end of its second year. However, the Indonesian Embassy has informed the Department that Indonesia considers that it has a three-year contract with the United States and the only item to be negotiated is price.

5. United States Information Service

USIS has been operating under great difficulties in Indonesia, which is more affected by our actions than our words and which is hostile to propaganda from any source, especially non-Asian. Judging from popular demand, however, USIS is being successful with its libraries, its Indonesian pamphlets, and especially with its 48-page monthly "American Miscellany". USIS is consistently faced with demands for more material than its budget permits it to supply. The magnitude and importance of the work is pointed up by our Public Affairs Officer's (admittedly unverifiable) estimate that of Indonesia's 80 million people, 2.5 percent may be opposed to United States aims, 1.5 percent favorable, and 96 percent "unsure".

6. Personal Influence

Despite the fact that the United States is fourth and Indonesia the sixth most populous nation in the world, they opened diplomatic relations three and one-half years ago in an almost total vacuum of personal relationships. Their cultures are radically different. Such conditions do not foster mutual understanding and trust. Nevertheless, experience is suggesting, if not proving, that good personal relations can be established and are the most effective method of exerting United States influence. The potential value of this method is highlighted by the fact that of Indonesia's 80 million people, power lies in the hands of the few thousand who constitute Indonesia's leaders in government, armed forces, business and other fields.

An example of the effect of personal American influence is supplied by former Foreign Minister Subardjo. He entered the cabinet regarded by this Government as a leftist or Communist. Through his relationship with our Ambassador he signed both Japanese Peace Treaty and MSA assurances, and remains friendly to the United States. On a broader scale, TCA and USIS have sent Americans in many capacities to Indonesia, and have brought over 200 Indonesians to this country. Several hundred more Indonesians have come at the expense of their Government. For the most part the resulting relationships, although not striking, have been good.

The United States has lacked an Ambassador to Indonesia since March 15, 1953. The Indonesian Government has given its agreement to the name of a new Ambassador, whose appointment is expected shortly.

Para. 17 a. (cont'd) ". . . promote the economic development of Indonesia . . ."

7. Export-Import Bank Loan

To bolster the newly formed Indonesian Government, the United States early in 1950 extended a $100 million line of credit to Indonesia through the Export Import Bank. The Indonesian Parliament has approved projects totaling about $69 million of this amount, which has been used primarily for railroad, rehabilitation, and the purchase of ships, planes, and capital equipment.

8. Economic Grant Aid

Under the Economic Technical Assistance Agreement of October 16, 1950, the United States has authorized grant assistance totaling $16 million in fiscal years 1951–1952 and 3.9 million FY–1953. This program primarily has been designed to stimulate and improve Indonesia's agricultural and industrial production methods and has also been valuable in the creation of friendship and mutual understanding between the Americans and Indonesians working and studying as technicians.

9. The Encouragement of Private Capital

Indonesia has great need for private foreign capital in order to develop its economy. The country is rich in resources which would be expected to attract capital if conditions were favorable. The Wilopo Cabinet which resigned June 2, 1953 had been making encouraging gestures and preparing a statement on this subject.

American business is discouraged, however, by the composition of the Sastroamidjojo Cabinet. In an effort to create an adequate climate for private investment for the mutual benefit both of Indonesia and of American business, the United States has informally explained the investment guarantee program to the Indonesian Government and has supplied that Government with copies of and information concerning the standard treaties of Friendship, Commerce and Navigation.

Decisive in Indonesia's success in attracting foreign capital will be its treatment of the oil companies now operating in that country. In post-war years, Shell, Standard Vacuum and the California Texas Oil Company have enjoyed "let alone" agreements with regard to their foreign exchange earnings and have not been subject to any fixed percentage division of profits with the Indonesian Government. These contracts are expiring, and new arrangements have long been under negotiation between the companies and the Indonesian Government. United States assistance to the American companies has, for greater effect, been confined to informal representations. The Indonesian Government appears less friendly to the Dutch than to the American companies, and has not permitted negotiations with the latter to become a political issue.

Para. 17 a. (cont'd) ". . . influence Indonesia toward greater participation in measures which support the security of the area . . ."

10. Negative

Indonesia's suspicion of foreign influence and sense of immunity from external communist aggression combine to make the above objective unrealistic now. No Indonesian Government could, in these conditions, join such arrangements as the Pacific Pact or the Five-Power Council. Most Indonesian leaders are conscious, however, that Indonesia's security would depend on United States power in case of general war.

Para. 17 a. (cont'd) ". . . influence Indonesia toward . . . solidarity with the free world"

11. Japanese Peace Treaty

Responding to United States pressure and induced by the hope of improving its bargaining position with Japan in the settlement of war reparations and the creation of fishing arrangements, Indonesia signed the Japanese Peace Treaty at San Francisco in October 1951. The very fact, however, that participation in that Treaty is regarded in Indonesia as evidence of "solidarity with the free world" has effectively prevented it from being presented for parliamentary ratification. The Sastroamidjojo Cabinet is expected to take steps toward a bilateral peace treaty with Japan.

12. UN Embargo Against Communist China

Indonesia has surplus of rubber and a deficit in rice. Despite strong internal pressure to follow Ceylon's example in shipping rubber to Communist China in exchange for rice, the Indonesian Government, which in 1951 included rubber in its list of goods subject to the UN embargo against Communist China, has honored this commitment. This has been Indonesia's most signal act in "solidarity with the free world". It is attributable partially to the Indonesian Government's respect for its good name as a member of the UN and for the principle of collective security, partially to United States representations at all levels, and partially to an adequate allocation of American rice which helped remove hunger as a possible justification for a rubber for rice deal with Communist China.

Ministers in the Sastroamidjojo Cabinet are publicly hinting at the possibility of shipping rubber to Communist China and of increasing trade with the Soviet bloc (which in 1952 took approximately 1 percent of Indonesia's exports, by value). The United States is keeping this situation under constant review and exerting careful pressure to assure compliance with the objectives of the Battle Act, and to avoid any unnecessary rupture in relations with Indonesia.

Para. 17 b. "If requested by the Indonesian Government, and as appropriate, make available military equipment and supplies necessary for the maintenance of internal security . . ."

13. Military Training

Indonesia, at its own expense, has so far sent about 40 military officers for study at United States army schools in supply, basic infantry training, staff work, etc. Indonesia also arranged and paid for one year's civilian flight training in California for 60 Indonesian Air Force student pilots. A group of about 20 experienced American fliers are under contract to the Indonesian Air Force at Bandung as flight instructors.

14. Military Grant Aid

Under a limited Military Assistance Agreement signed August 15, 1950 the United States has supplied the Indonesian Constabulary with about $4 million worth of arms, equipment and training which has been valuable in the suppression of guerrilla bands of fanatic Moslems and bandits which plague Indonesia. This program also included specialized United States training for about 40 constabulary officers.

15. Reimbursable Military Aid

Indonesia voluntarily terminated its eligibility to receive grant military aid, when it replaced its 511 (a) with 511 (b) assurances under the Mutual Security Act, January 12, 1953, and subsequently paid $12,500 for the small amount of constabulary equipment remaining in the pipeline on that date. Indonesia, which has been trying to buy a large range and quantity of small arms and similar material through commercial channels, has asked for, and the United States has supplied, a "sample" reimbursable aid agreement under Section 408 (e) of the Mutual Security Act.

16. Possible Military Mission

The Netherlands Military Training Mission, of about 1,000 men, which has remained in Indonesia since the transfer of sovereignty, will have been terminated by the close of 1953. Its departure is dictated by Indonesian popular political suspicions of the Netherlands, and regretted by the Indonesian Chiefs of Staff who are keenly aware of its value. Indonesia has unsuccessfully sought a replacement from West Germany and Australia, who have been informally advised by the Netherlands that it would not favor an affirmative response. Just after the Laos invasion, Indonesia formally asked the United States to explore the possibility of sending a 200-man military training mission. The United States has replied it would give a formal request for a mission sympathetic consideration subject to conditions then prevailing. The Department of Defense on August 27, 1953, has stated that it considers the dispatch of a military training mission to Indonesia to be militarily feasible. Furthermore, the Joint Chiefs of Staff believe that the dispatch of such a mission would be in consonance with paragraph 17 of NSC 124/2 and would contribute materially to the organization and development of the armed forces of Indonesia and would facilitate the establishment of a more comprehensive military liaison between Indonesia and the United States. The United States would not consider sending a mission unless it could count on a favorable political reception and the support of the Indonesian Government, at present a remote possibility. A successful mission could be a decisive factor in aligning Indonesia with the free world.

Note: It is assumed that the second half of Section 17 b has been covered in the paragraphs dealing with economic and military aid. Conditions do not appear to warrant action under Sections 17 c–d.

No. 252

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 161st Meeting of the National Security Council, Washington, September 9, 1953[1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 161st Council meeting were the following: The Vice President of the United States, presiding; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Acting Director, Bureau of the Budget; the Chairman, Atomic Energy Commission; the Chairman, Joint Chiefs of Staff; Robert R. Bowie, Department of State; Douglas MacArthur, II, Department of State; Elbert P. Tuttle, Department of the Treasury; the Director of Central Intelligence; the Deputy Director of Central Intelligence; the Assistant to the President; Robert Cutler, Special Assistant to the President; the Acting White House Staff Secretary; Gerald D. Morgan and Bryce Harlow, White House Staff; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

Following is a summary of the discussion at the meeting and the chief points taken.

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7. *U.S. Objectives and Courses of Action With Respect to Indonesia* (NSC 124/2; NSC Action No. 872-b; Memo for NSC from Executive Secretary, same subject, dated September 3, 1953, enclosing Progress Report, dated August 27, 1953, by the Secretary of State and the Acting Secretary of Defense on "United States Objectives and Courses of Action With Respect to Indonesia", Current Supplement to Indonesian Section of Progress Report on NSC 124/2, August 5, 1953)[2]

Mr. Cutler stated that this report on Indonesia was of extraordinarily high quality and interest. It had been prepared for the information of the Council because of the accession to power of a new government in Indonesia. Mr. Cutler added that a new policy with respect to Indonesia was in course of preparation and would shortly be presented to the Council.

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[1] Drafted on Sept. 10 by S. Everett Gleason, Deputy Executive Secretary of the NSC.

[2] For text of NSC 124/2, see Part 1, p. 125. Regarding NSC Action No. 872, see footnote 3, *supra*. The progress report, without Lay's covering memorandum of Sept. 3, is *supra*.

Mr. Flemming[3] observed that upon reading the report he had reached the conclusion that our State Department felt that we had a three-year binding purchase agreement on tin with the Indonesian Government. ODM was not clear as to whether this agreement was binding for two or for three years. It was extremely important that the obscurity be clarified, in view of present stockpiling planning on tin. We were already absorbing more Bolivian tin than the stockpile needed, and if additional amounts of tin were to come from Indonesia, a decision needed to be made.

Mr. Bowie[4] indicated agreement that this problem should be settled. So far as he knew, the State Department did take the view that this Government was involved in a three-year contract, and he pointed out the unfortunate repercussions if the United States seemed to be welching on a contract. He indicated that this issue should be clarified in the forthcoming new policy paper on Indonesia.

Mr. Stassen[5] then inquired as to the status of the Indonesian Government's request for a United States military mission. He indicated his view that such military missions were very desirable, particularly in unstable nations.

Mr. Cutler pointed out that we had had to move carefully in this matter for fear of offending our Dutch friends, whose military mission would be replaced.

Mr. Stassen commented that if we sent a U.S. mission to Indonesia our Dutch friends might well be offended, but they would not go Communist.

Mr. Bowie and Admiral Radford[6] both indicated that up to now the United States had not received a formal request for such a military mission to Indonesia, although Admiral Radford had added that we would be very glad to send such a mission if it were requested.

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The National Security Council:[7]

a. Noted the reference Progress Report on the subject by the Secretary of State and the Acting Secretary of Defense.

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[3] Arthur S. Flemming, Director of the Office of Defense Mobilization.

[4] Robert R. Bowie, Director of the Policy Planning Staff, Department of State.

[5] Harold E. Stassen, Director of the Foreign Operations Administration.

[6] Adm. Arthur W. Radford, Chairman of the Joint Chiefs of Staff since Aug. 15, 1953.

[7] Subparagraphs a and b constitute NSC Action No. 903.

b. Noted the report by Mr. Cutler that the NSC Planning Board had withdrawn the recommendation contained in the last paragraph of the reference memorandum of September 3, 1953.[8]

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S. Everett Gleason

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[8] The recommendation had been sent that the NSC direct the Psychological Strategy Board to prepare a psychological strategy plan for Indonesia.

No. 253

INR-SE files

Special Estimate[1]

SECRET [Washington,] September 18, 1953.

SE-51

The Significance of the New Indonesian Government[2]

THE PROBLEM

To estimate the significance of the newly established government in Indonesia with particular reference to indications of probable future trends.

CONCLUSIONS

1. The Indonesian cabinet which took office on 1 August 1953 is more leftist than any preceding Indonesian government. Although

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[1] Special Estimates (SEs) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems on an immediate or crisis basis. SEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the Central Intelligence Agency (CIA), approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of Cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of SEs.

According to a note on the cover sheet, "The Intelligence Advisory Committee concurred in this estimate on 15 September 1953. The FBI abstained, the subject being outside of its jurisdiction. The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff."

[2] This estimate addresses itself solely to the significance of the Indonesian cabinet which took office on 1 August 1953. For an estimate of the general course of Indonesian developments, see NIE-77, "Probable Developments in Indonesia," which was published on 11 June 1953. [Footnote in the source text; for text of NIE-77, see Document 246.]

there is no evidence to indicate that any of the ministers are subject to direct Communist discipline and control, eight important ministries of a total of 20 are held by individuals who will probably respond on many issues to Communist influence.

2. The new cabinet's program follows closely for the most part programs previously supported by more conservative elements in Parliament. We believe that the cabinet will proceed cautiously with its moderate program and will avoid the adoption of radical policies.

3. We believe that the present cabinet will remain in office for at least six months. However, as time passes, the tenure of the cabinet will become considerably more uncertain because:

a. The pro-Communist inclination of certain members of the cabinet and the tendency they will have to place their supporters in key positions in the bureaucracy, the armed forces, and the police will probably aid the anti-Communist opposition in its present efforts to solidify and may cause conservative members of groups now represented in the government to recognize more clearly the Communist danger.

b. The present cabinet must sooner or later cope with controversial issues such as economic problems, internal security, foreign policy, and army reorganization. In view of its slim majority in Parliament, the government will run the risk of incurring an adverse vote which would cause its fall any time it seeks to deal with these issues.

c. Either through inexperience or leftist pressure, the present government might not deal effectively with developing economic problems. Failure to halt adverse economic trends could cause the fall of the government.

4. On the basis of present indications, we believe that the Communists will increase their influence in Indonesia as a result of the tenure of the present cabinet; we do not believe that during the next twelve months they will achieve a dominating position either through armed force or political action.[3]

[Here follows the "Discussion" section of the paper, comprising paragraphs 5-18.]

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[3] The Special Assistant for Intelligence, Department of State, considers both the scope of this estimate and the evidence presented insufficient to permit the assessment here made of Communist capabilities in Indonesia over a twelve-months' period. The Special Assistant considers the following assessment of Communist capabilities in Indonesia to be more in accord with the subject and scope of the present estimate:

As long as the present cabinet remains in power, the Communists will be in a position gradually to increase their influence. On the basis of present indications, the Communists are not likely to achieve a dominating position in Indonesia during the expected life of this cabinet, either through armed force or political action. [Footnote in the source text.]

No. 254

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 171st Meeting of the National Security Council, Washington, November 19, 1953[1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 171st meeting of the Council were the President of the United States, presiding; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. The Vice President did not attend because of his absence from the country. Also present at the meeting were the Secretary of the Treasury; the Acting Director, Bureau of the Budget; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Huntington Sheldon, Central Intelligence Agency (for Item 1); The Assistant to the President; the Deputy Assistant to the President; Robert Cutler, Special Assistant to the President; the Acting White House Staff Secretary; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the chief points taken.

1. Significant World Developments Affecting U.S. Security

Because the Council was considering a new draft statement of policy on Indonesia,[2] the Director of Central Intelligence devoted his briefing of the Council exclusively to the situation in Indonesia. With the assistance of a chart, Mr. Dulles indicated the political complexion of the Indonesian Parliament, which was largely an appointed rather than an elected body. President Sukarno's selections, moreover, had not been very happy or fair, since the largest Indonesian party, the Masjumi, had been given insufficient representation.

Mr. Dulles ascribed to inexperience the increasing trend toward a breakdown of governmental authority in Indonesia. He pointed out that the Indonesians, unlike the Filipinos, had had no training in self-government prior to independence. Initially the Indonesians had attempted to create a federal system of government, which was what was required in view of the geographical and other circumstances. They had, however, given up this objective in favor of the present centralized system of government, which simply does not work. All these circumstances make it difficult to estimate how serious is the danger of Indonesia's going Communist.

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[1] Drafted by Gleason on Nov. 20.

[2] For text of the paper as adopted, see NSC 171/1, *infra*.

There will be no elections until 1955. The electoral commission which has been set up has excluded the Masjumi and the Socialist parties from membership, which indicates that the elections, if they occur, will be rigged. While, said Mr. Dulles, it was not accurate to describe the present Indonesian Government as Communist, at least eight of the twenty cabinet ministers were pro-Communist. Accordingly, the present government could best be described as a Popular Front. The opposition had put out feelers looking to a revolt, but the opposition at present did not command sufficient resources for a successful armed revolt. Meanwhile President Sukarno, who still has very great influence, is apparently convinced that he can control and exploit the Communists for his own purposes. Disaffection in the armed forces, however, remained very great.

The major problem in foreign policy remained the question of New Guinea. In the economic realm the Chinese Communists were playing with the rubber issue chiefly in order to stir up trouble. So far the Indonesians had remained faithful to their commitment not to sell this strategic material to Communist China, but there was no certainty that they would continue to observe the prohibition. Worst of all, the United States gets the blame for the falling prices of tin and rubber. The Indonesians tend to class the United States with the Colonial powers. In summary, while the situation was not one of immediate crisis, everything was moving in the wrong direction from the U.S. point of view. The situation, in short, was one of steady deterioration.

The President's first comments on the intelligence briefing consisted of inquiries as to the likelihood of a *coup d'état* by the army. He then moved on to question, with some warmth, why it was a matter of such moment to the United States if the Indonesians did undertake to sell all their rubber to Communist China. The President said he got very weary of all these rigid U.S. controls on the trade of free world nations with the Soviet bloc. Why should we not tell the Indonesians to sell their rubber and tin to China instead of having to assume the blame ourselves for the inability of the Indonesians to market the products on which their economy depended? So far as he could see, said the President, Russia has all the rubber she needs, or in any case could manufacture it synthetically. Meanwhile, the United States cannot stand forever in the way of other nations making a living. Obviously the chief obstacle to a more intelligent approach to this problem was the vehemence of popular and Congressional opinion on trade between the free world and the Soviet bloc. Accordingly, what we needed most was a program to educate our own citizens on the facts of economic life.

When the President had concluded his observations, Governor Stassen pointed out that the Joint Chiefs of Staff had listed rubber among the most important strategic materials, which accounted for their policy of preventing its sale to Communist China. If rubber were taken off the strategic list, it would make a very great difference in the volume and character of international trade.

In reply the President said that he was not impressed with this argument, and felt that we conducted our policy of trade controls in much too rigid and generalized a fashion. It would be much more desirable to substitute for the present criteria, the criterion of net advantage to the free world and to the U.S. of trade with the Communist nations.

Mr. Cutler then suggested that this subject be dropped and taken up again in connection with the policy report on Indonesia, which addressed itself to precisely this problem.

The National Security Council:

Noted an oral briefing by the Director of Central Intelligence on the subject, with specific reference to Indonesia.

2. *United States Objectives and Course of Action With Respect to Indonesia* (NSC 171;[3] Memos for NSC from Executive Secretary, same subject, dated November 13 and 18, 1953)[4]

Mr. Cutler presented the draft statement of policy as one in the series of Far Eastern policy recommendations which had been prepared in recent months by the NSC Planning Board. He pointed out that the two most difficult issues faced by the Planning Board with regard to Indonesia had been, one, . . . the present . . . Indonesian Government . . . secondly, the character of U.S. assistance to some more satisfactory Indonesian Government if such a government succeeded to power.

Secretary Humphrey[5] said he wished to comment at once on the second of these two issues. He pointed out that we already have on hand a stockpile of tin sufficient to last for five years. Meanwhile, the domestic demand for tin was steadily falling, thanks to new equipment and to the use of substitutes. Accordingly, Secretary Humphrey judged that even if the U.S. were to get no tin at all for a number of years, the situation would not be troublesome. To make matters worse, we seemed to be obligated to purchase another 60,000 tons of tin in addition to the five-year supply already amassed. Thus there was a glut of tin, and anything we did about our supply was bound to get us in wrong with the governments from which we purchased it. If we insisted on buying tin at a reduced price these governments would be sore. If we don't buy any tin, they will be equally mad. If we sell some of the tin which we have accumulated, the tin market goes to hell. In the circumstances, concluded Secretary Humphrey, it was his recommendation that the United States get itself completely out of the tin business and out of the cartel business. We will buy tin when and where we need it, and let the tin-producing countries sell their tin to anyone who offers to buy it.

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[3] NSC 171, dated Nov. 10, was a report to the NSC by the NSC Planning Board on U.S. objectives and courses of action with respect to Indonesia. (S/S–NSC files, lot 63 D 351, NSC 171 Series)

[4] The memorandum of Nov. 13 forwarded revisions in the text of NSC 171 made by the NSC Planning Board after further consideration of that document. The memorandum of Nov. 18 forwarded the views of the JCS on NSC 171, expressing general agreement with the objectives and courses of action set forth in that paper. (S/S–NSC files, lot 63 D 351, NSC 171 Series)

[5] Secretary of the Treasury George M. Humphrey.

Governor Stassen, while agreeing with the dark picture Secretary Humphrey had painted, said that the difficulty had resulted from our own frantic purchases of tin in recent years. It was these purchases that had driven up the price and now caused such severe dislocation in the economies of countries like Indonesia and Bolivia.

The President also took issue with the arguments of Secretary Humphrey. Unless, he said, we can foresee the complete elimination of tin from our economy, we could not altogether abandon the program for stockpiling this metal. Furthermore, said the President, a country could never be called poor if it owns commodities and things, as opposed merely to money and currency.

Secretary Humphrey said he couldn't agree with the President's point. He said that he was not a conservationist. He was convinced that we would always be able to obtain all the material resources we needed if we were willing to pay the price, or else we could find substitutes for such materials. Contrary to the President's point of view, Secretary Humphrey said that people who have too much of a given commodity often go broke. He, in any case, was not frightened of not having sufficient materials to use when we needed them. There would be plenty.

The President inquired whether Secretary Humphrey had not overlooked manganese. A few years ago we could have created a much larger stockpile of this material, and such a program would have been very desirable. Now manganese was in short supply and we are searching for it all over the world, with a resultant sharp rise in price.

Secretary Humphrey did not answer the President's argument, but suggested going back to the point made earlier by Governor Stassen. He confessed that Governor Stassen was right in blaming the United States for the glut of rubber and tin which was now causing such difficulty. Our policies had raised the price of these commodities and occasioned the large production which could not now be disposed of. Nevertheless, we cannot now dissipate our assets in vain attempts to support the economy of Indonesia. If we continue to try to buy up all the significant strategic materials in the world for our own use, or to prevent the Russians from obtaining such materials, the burden would fall with heavy weight on our own taxpayers.

Secretary Dulles stated that while Secretary Humphrey's analysis might be accurate from a purely tax point of view, it ignored very important political factors. While our policy of buying strategic materials in foreign countries could indeed cause unemployment here and there in the United States, failure to buy such materials might completely destroy the economic stability of certain friendly countries. If this occurred, the price to us would in the long run be much greater. In short, we could not look upon economic assistance to such countries as Indonesia solely from the point of view of the banker.

Governor Stassen expressed agreement with Secretary Dulles on the interdependence of the United States and the other countries of the free world, and then went back to the President's suggestion of allowing the Indonesians to sell their rubber and tin to any buyer who appeared. This appealed to the Secretary of State as the most constructive proposal to come out of the discussion thus far. He illustrated the problem by pointing out that when Ambassador Cumming first went to Indonesia he was faced with the disagreeable task of informing the Indonesians that we could neither buy their rubber and tin nor accede to their sale to Communist China.

The President then restated his proposal, but suggested that before it was adopted he would like the Joint Chiefs of Staff to make a fresh study, from the military point of view, of the whole matter of trade controls on the sale of strategic materials.

Both Secretary Humphrey and Mr. Flemming expressed the need for a sense of urgency in the paragraph of the report which called for exploration of ways and means of providing assistance to the Indonesians in the marketing of their rubber and tin. We were right up against the wall not only on tin and rubber but on a number of other items for which the stockpile was complete. Accordingly, we could no longer justify the purchase of such materials as necessary contributions to the stockpile. Further purchases in fact would simply amount to preemptive buying.

The President observed that if we took tin and rubber off the strategic list, the Chinese Communists would either have to buy these items from the Indonesians or else their bluff would be called. In any case, the Chinese Communists would have to take the rap if they broke the market in these commodities. But, said the President, he wished the Joint Chiefs to make the study he had suggested.

Governor Stassen pointed out that Admiral DeLany[6] was administering U.S. policy with respect to the control of the movement of strategic materials, not out of any fear of Congress, but strictly in accordance with the guidance given him by the Department of Defense as to strategic materials. If we changed this guidance and decided to relax controls on trade in strategic materials, Governor Stassen said that Admiral DeLany would be quite prepared to present his case and defend it before the Congress.

In support of the President's argument that this would take the heat off the U.S. and put it on the USSR, Governor Stassen said that there had been certain indications of late of economic difficulties in the USSR and the satellites, and the President expressed the hope that if his proposal were adopted it would tend to increase such economic difficulties. By and large, said the President, his proposal was directly related to the basic objective of this Administration, which was to achieve a reasonable balance between the demands of national security and the necessity for economic health and stability in the United States.

After further discussion of certain amendments to the language in the proposed statement of policy, Mr. Cutler pointed out, as to paragraph 29, the view of the Joint Chiefs of Staff that the language of that paragraph was not sufficiently clear to provide the guidance necessary for military planning. While it was clear that such plans involved the possibility of U.S. military assistance to Indonesia in the event of a Communist seizure of power, it was not clear what the United States could do if chaos reached such a point in Indonesia that no legal government was left to issue an appeal for assistance.

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The National Security Council:[7]

a. Adopted the statement of policy contained in NSC 171, as amended by the enclosures to the reference memorandum of November 13, subject to the following changes:

> (1) *Paragraph 9:* Change "as an immediate objective" to "as prime objective".
> (2) *Paragraph 20:* Delete the asterisks and footnotes,[8] and reword the first four lines to read:

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[6] Adm. William S. DeLany, USN (ret.), Deputy Director for Mutual Defense Assistance Control, Foreign Operations Administration.

[7] Subparagraphs a and b and the Note constitute NSC Action No. 962.

[8] The text referred to here, NSC 171 as revised, reads:

Continued

> "20. Explore urgently the practicable means of assisting Indonesia in regard to its important economic problems, with particular attention to the net advantage of helping Indonesia find markets for rubber and tin,".

(3) *Paragraph 21:* Delete the asterisks, and substitute for the bracketed portion[9] the following: "particularly with respect to helping Indonesia find markets for tin and rubber."

(4) *Paragraph 26:* Delete "on a priority basis" in the first sentence.[10]

(5) *Subparagraph 29-b:* Insert, after "appropriate action", the following: ", in collaboration with other friendly nations,".

b. Requested the Department of Defense to make, before January 1, 1954, for Council consideration, a reappraisal of the military effect of a relaxation of controls on trade with the Soviet bloc in strategic raw materials where such trade might result in a net advantage to the free world through increased political and economic stability.

Note: NSC 171, as amended and approved by the President, subsequently circulated as NSC 171/1 and referred to the OCB as the coordinating agency designated by the President. The action in b above subsequently transmitted to the Secretary of Defense for implementation.

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S. Everett Gleason

"*20. Explore the practicable means of assisting Indonesia in regard to its important economic problems, [with particular attention to the net advantage of negotiating or continuing in effect long-term contracts for rubber and tin purchases]** and explore the possibility of assisting the Indonesian Government in improving the quality of the rubber produced by small holders."

"*While raising no objection to the public purchase of rubber and tin, ODM points out that such purchases beyond stockpile objectives would require either additional funds for such purchases or a broadening of stockpiling objectives to include economic warfare."

"**Treasury and the Bureau of the Budget dissent from attempts now to predetermine the kinds of economic assistance which might later be planned by appropriate agencies."

Brackets are in the text.

[9] The text referred to here, NSC 171 as revised, reads:

"*21. In the event that communist influence is eliminated from the government of Indonesia, be prepared to take rapid appropriate action that would tend to strengthen the position of such an Indonesian government, [particularly with respect to purchase of tin and rubber.]**

The asterisked notes are provided in footnote 8, above. Brackets are in the text.

[10] The sentence referred to reads: "As requested by the Indonesian government, and as appropriate, make available U.S. military training, military equipment and supplies on a priority basis for the maintenance of internal security."

No. 255

S/S-NSC files, lot 63 D 351, NSC 171/1

Memorandum by the Executive Secretary (Lay) to the National Security Council

TOP SECRET
NSC 171/1

[WASHINGTON,] November 20, 1953.

UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO INDONESIA

References:
- A. NSC 171[1]
- B. NSC Action Nos. 872-b,[2] 903[3] and 962[4]
- C. Memos for NSC from Executive Secretary on same subject, dated November 13 and 18, 1953[5]
- D. NSC 124/2[6]
- E. Memo for NSC from Executive Secretary, same subject, dated September 3, 1953, enclosing Progress Report by the Secretary of State and the Acting Secretary of Defense on the subject, dated August 27, 1953[7]
- F. SE-51[8]

The National Security Council, the Secretary of the Treasury and the Acting Director, Bureau of the Budget, at the 171st Council meeting on November 19, 1953, adopted the statement of policy contained in NSC 171, as amended by the enclosures to the reference memorandum of November 13, subject to the changes which are set forth in NSC No. 962-a.

In connection with this action the Council also requested the Department of Defense to make, before January 1, 1954, for Council consideration, a reappraisal of the military effect of a relaxation of controls on trade with the Soviet bloc in strategic raw materials where such trade might result in a net advantage to the free world through increased political and economic stability (NSC Action No. 962-b).

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[1] See footnote 3, *supra*.

[2] See footnote 3, Document 251.

[3] See footnote 7, Document 252.

[4] See footnote 7, *supra*.

[5] See footnote 4, *supra*.

[6] See Part 1, p. 125.

[7] The Sept. 3 memo is not printed. For text of the progress report, see Document 251.

[8] Document 253.

The President has this date approved the statement of policy contained in NSC 171, as amended and adopted by the Council and enclosed herewith; directs its implementation by all appropriate executive departments and agencies of the U.S. Government; and designates the Operations Coordinating Board as the coordinating agency. Also enclosed for Council information are a financial appendix and an NSC staff study.

Accordingly, paragraph 17 of NSC 124/2 is hereby superseded.

JAMES S. LAY, JR.

[Enclosure]

Statement of Policy by the National Security Council

UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO INDONESIA

GENERAL CONSIDERATIONS

1. Indonesia is strategically important to the United States and the rest of the free world as a vast archipelago which commands the approaches between the Pacific and Indian Oceans and between Asia and Australia, is inhabited by 80,000,000 people, and is a producer of rubber, tin and petroleum. The loss of Indonesia to Communist control would have serious security implications for the United States and the rest of the free world.

2. Immediately effective power in Indonesia is concentrated in the hands of a relatively few thousand leaders. Most powerful among these is President Sukarno, who enjoys a position of unique prestige and popular strength.

3. Some of the Indonesia leaders are undoubtedly Communist. At the opposite extreme are some leaders who are unalterably anti-Communist. Between these extremes are the majority of leaders, who are non-Communist but suspicious of, and uncertain that their interest lies with, the West. These by their numbers hold the balance of power between Communists and anti-Communists and must be effectively influenced if United States objectives are to be attained in Indonesia. In all groups there is a very strong legacy of anti-colonial feeling; and sensitivity to any appearance of foreign intervention in Indonesian affairs is greater than in almost any country in the world.

4. Indonesia's internal political life now revolves around two interrelated struggles for power: (a) between the PNI (Nationalist Party) and the Masjumi (Moslem Party), and (b) between the Communists and those subject to their control, on the one hand, and

the non-Communists and anti-Communists, on the other. The first of these struggles has been going on for several years; the intensity of the second has been renewed recently, particularly since the advent of the present PNI government in August 1953. Although Premier Ali and the leaders of the PNI are non-Communist, they have accepted Communist political support, and eight important ministries out of a total of twenty are held by individuals who will probably respond on many issues to Communist influence. The pro-Communist inclination of these men, the aggressive tactics of the Communist Party in calling for military action against Moslem groups, and recent adjustments in key positions in the armed forces have tended to solidify the opposition to Communism of the Masjumi and the Socialists.

5. The Communists are numerically weak, but control about ten percent of the votes in Parliament, draw strength from a small but active group among Indonesia's Chinese minority, and have gained organizational control of the majority of labor and peasant organizations, although the membership of these is predominantly non-Communist. The Communists do not now appear strong enough to take over the Government by force or by political means, but the make-up of the Ali Cabinet presents them with an opportunity for infiltration of key military and civilian positions.

6. The Masjumi is numerically strong and has a broad village-level organization, backed by strong Moslem religious feeling. The anti-Communist Socialists have considerable influence in the bureaucracy and the armed forces. These anti-Communists can probably count on the support of important parts of the armed forces. If general elections were held in the near future to replace the present Sukarno-appointed Parliament, it is probable that the Masjumi and Socialists would have the greatest strength and that the Communists would suffer a relative loss of position

7. The capacity of the United States to influence Indonesian leaders for the attainment of its objectives has been limited by lack of effective U.S. response on issues which the Indonesians consider most important in their relations with the United States. The world prices of rubber and tin, vital to Indonesia's economy, have fallen, and the United States has not supported Indonesia's desire for international stabilization of these commodities. With regard to New Guinea, the United States has remained neutral and has offered no support for Indonesia's claim. Feasible U.S. courses of action thus form only a small portion of the many significant factors to which Indonesian leaders respond. These include the forces of nationalism, anti-colonialism, and Islam. The United States must understand, and, when possible, utilize these forces.

OBJECTIVES

8. To prevent Indonesia from passing into the Communist orbit; to persuade Indonesia that its best interests lie in greater cooperation and stronger affiliations with the rest of the free world; and to assist Indonesia to develop toward a stable, free government with the will and ability to resist Communism from within and without and to contribute to the strengthening of the free world.

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COURSES OF ACTION

10. In carrying out the following courses of action, avoid the appearance of interfering in Indonesian internal affairs.

11. Seek the elimination of Communist influence from the Indonesian Government.

12. Use U.S. influence to encourage the holding of general elections in Indonesia at the earliest possible date.

13. Constantly distinguish between the Communists, anti-Communists and the non-Communists in order to isolate, discredit and weaken the Communists, strengthen the anti-Communists, favorably influence and avoid alienating the non-Communists.

14. Develop friendly relations with all anti-Communist and non-Communist groups and leaders in order to preserve U.S. ability to work with whatever elements, other than the Communists, may come into power.

15. Exert influence wherever possible to bring about a common recognition by key individuals of the gravity of the Communist menace.

16. Utilize the forces of nationalism and of Islam in opposing Communism, and avoid antagonizing the force of anti-colonialism.

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18. Place special emphasis on the use of the personal influence of American officials and private citizens on Indonesian leaders, especially President Sukarno.

19. Show the Ali Cabinet no special favors which would tend to strengthen its tenure of office; but, on the other hand, attempt to avoid those actions which might alienate not only the Ali Cabinet but Indonesia as a whole.

20. Explore urgently the practicable means of assisting Indonesia in regard to its important economic problems, with particular attention to the net advantage of helping Indonesia find markets for rubber and tin, and explore the possibility of assisting the Indone-

sian Government in improving the quality of the rubber produced by the small holders.[9]

21. In the event that Communist influence is eliminated from the Government of Indonesia, be prepared to take rapid appropriate action that would tend to strengthen the position of such an Indonesian Government, particularly with respect to helping Indonesia find markets for tin and rubber.

22. In cooperation with the Indonesian Government, continue U.S. economic and technical assistance, both loan and grant, as appropriate, with special emphasis on the diversification of production to decrease excessive dependence on rubber.

23. In cooperation with the Indonesian Government, assist in creating an adequate climate for foreign investment in Indonesia.

24. Encourage, to the extent feasible, increased trade between Indonesia and Japan.

25. While for the present maintaining neutrality in the New Guinea dispute in our relations with other governments, explore within the U.S. Government solutions to this problem compatible with overall U.S. objectives, for possible discussion with other interested governments.

26. As requested by the Indonesian Government, and as appropriate, make available U.S. military training, military equipment and supplies for the maintenance of internal security. The United States should respond as sympathetically as possible, subject to conditions then prevailing, to any Indonesian request for a U.S. Military mission.

27. Strengthen the U.S. information program, and the exchange of persons, including potential leaders in labor, industry and other fields.

28. Expand intelligence collection capabilities in order to provide adequate coverage of significant developments in Indonesia.

29. In the event of a seizure, or attempted seizure, of power by internal Communist action in Indonesia:

a. Seek maximum international response to a request by the legal government for friendly nations to come to its assistance against the insurgents.

b. Consistent with world-wide U.S. commitments, take appropriate action, in collaboration with other friendly nations, to prevent permanent Communist control of the area.

30. In the event of Chinese Communist aggression against Indonesia, in addition to appropriate military action against Communist China, as contemplated in our over-all Southeast Asia policy, take appropriate military action to assist in the defense of Indone-

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[9] Regarding subsequent changes in the text of paragraph 20, see Document 257.

sia as part of a UN collective action or in conjunction with other friendly governments.

Financial Appendix

Economic Program in Indonesia (Technical Assistance)

(millions of dollars)

	Expenditures
1952	5.9
1953	3.3
1954 (estimated)	7.0
1955 (tentative estimate)	6.0

The above figures do not include the following: (a) In February 1950 the Export-Import Bank extended a line of credit of $100 million to Indonesia. Of this total the Bank has allocated $83 million for approved projects and disbursed $38 million; (b) There has been only one military program in Indonesia, $4 million of grant assistance under the Military Assistance Agreement of August 15, 1950. Indonesia purchased as reimbursable aid $12,500 worth of constabulary equipment requisitioned but not delivered by January 12, 1953, the date of the new agreement.

Balance of Payments

(millions of dollars)

Payments	*1952*	*1953 Est.*	*1954 Est.*
Current Trade	984	710	570
Current Invisibles	217	205	215
Capital	24	15	50
	1225	930	835

Receipts			
Current Trade	893	765	700
Current Invisibles	42	30	30
Capital	138	43	72
	1073	838	802
Changes in Reserves	-190	-92	-33
Reserves in hand end of period	254	163	130

[Here follows an NSC Staff Study.]

No. 256

756D.00/11-2453: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, November 24, 1953—11 a. m.

525. Foreign Minister said he wished take advantage my call on him this morning on other matter to clarify what he called "misconceptions" on part of number of foreign governments and especially their diplomatic representatives in Djakarta of attitude of Indonesian Government towards Communism. His manner was earnest and frank although I could detect a certain defensiveness on his part which showed itself in a repetition of a number of statements as if he were most anxious that I believe what he said.

He commenced by saying that while some Moslems could for reasons unknown to him reconcile their religious faith with the anti-God dogma of Communists, he himself was unable to do so; he wanted me to know that although he might not at all times be as devout a Moslem as he should be, his faith in God was complete and a guarantee against any personal leaning on his part toward Communism.

He said it was true that government was willing accept Communist Party support in Parliament: "No parliamentarian could refuse to accept a vote from any source;" but that government had sufficient votes to carry its measure without addition of Communist votes (note discrepancy between this statement and that of Prime Minister Ali last paragraph my telegram 453, November 2).[1]

He said he could assure me that government of the PNI was well aware through intelligence sources of strategy of Communist Party to infiltrate government and to maneuver government if possible into position where Communist vote was essential to continue in office; that government was equally aware of strategy of Masjumi and PSI to do everything including, if necessary, participation in Communist plots to bring about government's downfall. But he said government of PNI had its own strategy designed circumvent these plans. He did not elucidate.

To illustrate government's preoccupation with Communist danger he said that conversations had already taken place with

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[1] Not printed. The paragraph in question reads as follows:

"Ali comments to me on the subject of his government's association with Commies might be summarized: 'We are not Communists but they have the votes we need.' I think he realizes he playing with fire; whether all of his associates are as sophisticated is doubtful." (756D.13/11-253)

British officials in Sarawak to prevent Communists crossing border between Kalimantan (Borneo) and Sarawak; that conversations had already taken place with Malayan authorities with regard to similar arrangements, and he had raised question again with Malcolm MacDonald[2] during his recent visit to Djakarta. He also mentioned Australia but I did not understand whether he said similar conversations had taken place or were contemplated with Australian authorities on same subject. (I have no confirmation of foregoing statements from any other source and will not attempt verify locally. Would appreciate any information Department has on subject.)[3]

Sunario said government was also concerned with Chinese problem; Chinese even though long resident in Indonesia and in former Dutch East Indies had never been truly loyal to local government. He said that while government especially concerned with Communist infiltration and trying formulate plans to meet this situation, its principal concern was not with whether Chinese were Communists or Nationalists, but whether they were subversive of government of the country in which they resided.

With regard to Indochina he said that Indonesian Government had naturally disliked French colonialism and French "delays" in promising real independence to Associated States but that his government equally understood French and Associated States were fighting Communism; that if Communists were successful in Indochina, Malaya would be next and "Indonesia soon after."

Sunario concluded by reference to President Sukarno's recent speech (mytel 487, November 11)[4] and anticipated a question I had in mind to put to him by saying that the President's reference to "extreme Communists" meant Communists who were actively attempting overthrow government as contrasted with rank and file of party followers. He reverted to government evidence of Dutch support of Darul Islam and criticized his fellow Moslems of the Masjumi party which he said was slowly drifting towards extremist position of the Darul Islam. "The Government", he said, "will prevent any extremists taking over under an Indonesian Mossadeq."

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[2] British Commissioner General in Southeast Asia.

[3] On Dec. 1 the Department informed the Embassy of talks in August 1952 between Indonesian and Sarawak officials concerning agreed joint measures to combat Communist terrorism. It also referred to a statement made in April 1953 by Sunario concerning Indonesia's interest in political developments, including the increasing strength of the Communist movement, in Malaya. (Telegram 443; 756D.00/11-2453)

[4] Telegram 487 reported on a speech made on Nov. 10 by President Sukarno in Solo in which he called for national discipline and criticized the extremists in Darul Islam and the Indonesian Communist movement. The speech was characterized as the President's most forthright anti-Communist statement in some time and his first since the Ali government came into office. (756D.00/11-1153)

I am reporting this conversation at length because it is first time the Foreign Minister has so fully unburdened himself to me and because he gave me to understand that what he was saying had been discussed with and approved by Prime Minister and President.

CUMMING

No. 257

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 181st Meeting of the National Security Council, Washington, January 21, 1954[1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 181st Meeting of the National Security Council were the President of the United States, presiding; the Secretary of State; the Acting Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. The Vice President did not attend the meeting because of his absence from the city. Also present were the Secretary of the Treasury; the Attorney General (for Item 6); Mr. Morrison for the Director, Bureau of the Budget; the U.S. Representative to the United Nations; the Under Secretary of State; the Acting Secretary of the Army and Adm. Duncan for the Secretary of the Navy (for Item 4); the Chairman, Joint Chiefs of Staff; Gen. Bolte for the Chief of Staff, U.S. Army, the Chief of Staff, U.S. Air Force, and the Commandant, U.S. Marine Corps (for Item 4); Judge Barnes, Assistant Attorney General, and Mr. Herbert Hoover, Jr., Department of State (for Item 6); the Director of Central Intelligence; the Assistant to the President; Robert Cutler and C. D. Jackson, Special Assistants to the President; the Deputy Assistant to the President; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

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[1] Drafted by Gleason on Jan. 22.

5. *United States Objectives and Courses of Action With Respect to Indonesia* (NSC 171/1, paragraph 20;[2] Memo for NSC from Executive Secretary, same subject, dated January 20, 1954)[3]

Mr. Cutler explained to the members of the Council that it was urgently necessary for the Council to determine whether the United States was under obligation, in its three-year contract with the Indonesian Government, to make a fair offer for some 18 to 20 thousand tons of tin, the amount projected for the third and last year of the contract. The period of negotiation between the RFC and the Indonesian Government would expire on January 31, 1954.[4] OCB had sent a memorandum to the National Security Council indicating its view that the obligations of the United States under the existing tin contracts require that the RFC make a reasonable offer to the Indonesian Government in order to reach agreement on a mutually satisfactory price for delivery in the third year of the contract. Accordingly, OCB had suggested the insertion of a new paragraph 20-a in NSC 171/1 to read as follows:

> "Recognize the obligation of the U.S. Government by making a reasonable offer to Indonesia with the intent of reaching agreement on a mutually satisfactory price for deliveries in the third year of the existing contracts. In reaching such agreement recognize the likelihood of resale and assure to the U.S. a reasonable opportunity to avoid loss on resale, at the same time assure to Indonesia that disposal will be handled in such a manner as to avoid undue disturbance to world markets."

Secretary Smith[5] commented that when he first read the proposed new paragraph it seemed to him so optimistic as to be laughable, but the experts had all assured him that it was possible to resell the tin in such a way as to injure neither the United States nor Indonesia. If, continued Secretary Smith, this proposal was OK with Secretary Humphrey, it was OK with him.

Secretary Humphrey said that he certainly did not know, nor did he believe anyone else knew, how any resale plan could be worked out to achieve both of the objectives of the OCB paragraph.

The President reminded the Council of the conviction he had expressed often in the past, that a nation is not poor when it owns "things"; that there were a number of metals and other materials that this country would need over the years and which it should buy when good opportunity presented over this same period of years.

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[2] Document 255.

[3] Not printed; it forwarded the memorandum referred to in this memorandum from the Operations Coordinating Board. (S/S-NSC files, lot 63 D 351, NSC 171 Series)

[4] The OCB memorandum indicated that the extension of the negotiation period to Jan. 31, 1954, represented the third extension by the RFC since October 1953.

[5] Under Secretary Walter B. Smith was Chairman of the Operations Coordinating Board.

Secretary Humphrey repeated his statement that the Council was not really in a position to discuss this problem at the present time. People were trying at the moment to work out a tin cartel for the whole world, and no one could predict what would come of the effort. We were, however, confronting certain hard and simple facts. This country now has on hand a five-year supply of tin, close to 60,000 tons.[6] Something more than another year's supply is now coming up. We obviously had more tin than we could hope to use.

The President replied that the point to him seemed to be whether we could get this Indonesian tin at a reasonable price. Secretary Humphrey said that we did not yet know the answer to the President's question, but that in any case we may have to recommend an increase in the stockpile requirements for this metal.

After the President had once again repeated his view on the value of the stockpile, Mr. Flemming pointed out that the issue raised by Indonesian tin was simply part of a much more basic and ramified problem. It seemed to him that the Council must make a decision whether or not to take an over-run of certain materials and put them in the stockpile.

The President again argued for stockpiling as a measure of prudence, and while Secretary Humphrey said that he could understand the President's argument, we could not afford to overlook the fact that our own lead and zinc miners in this country were in "tough shape". This made it awkward to envisage foreign purchases of these metals. Secretary Humphrey also stated that he was heartily in favor of trading American butter for Soviet manganese.

Secretary Smith reminded the Council that whatever its members thought of Mr. Flemming's suggestion for a study of basic stockpile problems, the deadline for meeting our obligations to Indonesia with respect to the tin was February 1, and that action was accordingly required at this meeting.

Secretary Humphrey admitted that, thanks to the conduct of the RFC under the previous Administration, Mr. Symington[7] had got himself hooked, so that we were now morally obligated to make a fair offer to Indonesia for the tin to be purchased in the third year of the contract. Great difficulty, he predicted, would be encountered by the United States when it tried to resell the tin in a fashion which would not bust the world market for tin and do irreparable damage to the Indonesian tin market.

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[6] On this point, the language of the OCB memorandum reads as follows: "Present stocks, plus expected deliveries within the next few months, exceed the stockpile objective by about 40,000 tons. The stockpile objective is 245,000 tons. Total U.S. consumption of tin is approximately 60,000 tons per year."

[7] W. Stuart Symington, former Chairman of the National Security Resources Board.

Secretary Smith replied that the only urgency was in the matter of our purchase of the Indonesian tin. We could take our time in determining how to get rid of it by resale in ways which would not be damaging to the world market.

Governor Stassen agreed that the important sentence in the proposed OCB paragraph was the first sentence, requiring a reasonable offer to Indonesia for the purchase of the tin. He believed that the Council should accept the course of action outlined in this sentence. We could not afford to let Indonesia go down the drain.

Mr. Cutler suggested that Council action take the form of accepting the first sentence in the new paragraph proposed by OCB.

Mr. Flemming expressed agreement with this proposal, but emphasized his view that we need a new policy to deal with the issues raised by Indonesian tin but involving basic policy to cover resale and over-runs of a variety of stockpile items.

After further discussion, the President said that in his view the decision should be to make a fair offer to the Indonesian Government for the purchase of the tin, prior to February 1. We could purchase this tin not with a view to resale but to hold the tin until such time as it could be disposed of without unduly disrupting the tin market. Furthermore, said the President, it should be made absolutely clear that the offer to the Indonesian Government was for a single year.

The National Security Council:[8]

a. Agreed that paragraph 20 of NSC 171/1 should be amended by the addition of the following as a new subparagraph 20-b, renumbering paragraph 20 as 20-a:

> "b. Recognize the obligation of the U.S. Government, under existing contracts for the purchase of tin, by making a reasonable offer to Indonesia with the intent of reaching agreement on a mutually satisfactory price for deliveries in the third year of these contracts."

b. Noted the President's statement that:

> (1) Any tin purchased under the above-mentioned contracts should be held by the United States as long as determined by the President to be necessary to avoid undue disturbance to world markets by its resale.
>
> (2) It should be made clear to Indonesia that any agreement reached pursuant to a above was valid for one year only.

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[8] This constitutes NSC Action No. 1020.

Note: The amendment to NSC 171/1, as adopted in a above and approved by the President, subsequently circulated for insertion in NSC 171/1.

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S. EVERETT GLEASON

No. 258

756D.11/2-254: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, February 2, 1954—3 p. m.

828. Limited distribution. During Vice President Nixon's visit to Indonesia last October he and I discussed the possibility of inviting President Sukarno to the US at a propitious time. I have kept this matter in mind and have now formed the opinion that we should actively consider such an invitation. In making this recommendation, the following are the considerations which I believe favor such a step:

1. It would be appropriate to extend an invitation to the President or Vice President of Indonesia as return courtesy for Vice President Nixon's visit here and not too much time should elapse if any advantage is to be taken of the reciprocal courtesy.
2. Vice President Hatta should not be actively considered because of the delicate political position which he now occupies in the country and the obvious danger of US being attacked for openly cultivating him at a time when he is unofficially recognized as being in opposition to elements within present government even while being vice president.
3. Trends in Indonesian foreign policy are such that we might be embarrassed in extending high courtesy to Sukarno after Indonesia has progressed further along the road of recalcitrance toward the US from which it would be difficult to disassociate him as president.
4. There is a chance that Sukarno can be favorably impressed and the attempt well worthwhile before he has committed himself too far in direction of moral support of his current governments "neutrality" policy.
5. President Sukarno suffers from lack of contact with outside world. Whatever his limited travel may have been before coming into prominence, he has not been out of the country except for a brief visit to India and the Philippines since taking over his responsibilities as President of Indonesia. Indos in general have a center of the universe complex and the president shares this national characteristic to a degree, but being a person with natural acquisi-

tive tendencies and wide interests he would benefit greatly by this broadening experience.

6. The US need not consider adverse results from his absence from the country as Vice President Hatta would naturally be in charge during his absence. In event of emergencies arising, his non-Communist attitude would ensure against actions detrimental to our interests at least during the President's absence.

7. In putting forth this maximum psychological effort we must not underestimate President's personal proclivity for limelight and public recognition. In my estimation he would be impressed by the strength of America, its progress, and would, I feel, react favorably to the reception which he would receive in US by the President, Vice President and other high officials. Sukarno has undoubted charm, dignity and the sort of appeal which would get the type of response from the American public which would in turn favorably impress him. In this critical period we must not forget the great personal prestige of the President and the extent of his personal influence at all levels in Indonesia. If such an effort at this time would be successful it might turn out to be just what was needed to tide us over this critical period until the normal course of political events and the elections provide an opportunity for political elements more favorable to US to assert themselves.

It is my thought that should the foregoing meet with the approval in principle of the Department and the President, I be given an indication of the most suitable dates and authorized to explore the matter informally with the Prime Minister or perhaps President Sukarno himself. If the reaction is favorable we may draw some benefit therefrom; if the reaction is unfavorable, we would have the basis for formulating certain conclusions re trends in Indonesian policy and President Sukarno's attitude towards US.

In view of Vice President Nixon's interest in this matter I would appreciate this telegram being shown to him.

CUMMING

No. 259

756D.00/2-254: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, February 2, 1954—3 p. m.

829. Deptel 551.[1] I confirm Department view that genuine efforts toward an eventual holding of first elections in Indonesia would

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[1] This telegram, Jan. 8, reads in part as follows:

Continued

have beneficial stabilizing effect on Indonesian political situation. Both from standpoint of principle and best estimates of outcome, democratic election should have open American support. Following are some observations which I believe pertinent in assessing situation and determining what US action should be:

1. All Indonesian parties officially committed to general elections at earliest possible date. This includes Ali Government and parties participating therein. In its policy statement to Parliament, August 1953, elections were set for spring 1955. Whether this unrealistic faraway, as some contend, important point is that Government is committed to program of free elections with a date to which they should be held by public opinion.

2. Government has in fact undertaken task of setting election machinery in order, appointed central and provincial election committees and some for provincial subdivisions. Considerable non-partisan propaganda in evidence both in Djakarta and outlying districts promoting participation in a free election. This is all good in helping hold present Government to commitment as mentioned in paragraph 1.

3. Although Embassy is in possession of no positive evidence indicating Ali Government is at present stalling or insincere in establishing target date, fact cannot be overlooked that PNI–PKI control over Government machinery places them in enviable position of establishing control over the election machinery and calling the election at date most suitable their purposes. Conduct of current PNI–PKI Government indicative they not above sacrificing principle for power, as, for instance, rigging of central election committee in manner detrimental to strong opposition parties. They will undoubtedly do everything possible remain in power through "democratic election" and for this reason efforts made to make armed forces politically oriented is danger signal which, if successful, would be most significant.

4. Strong nationalism will continue to be watchword of Government during preparation for elections, even white-washing Communist participation by emphasizing contribution to nationalism. Their interpretation of neutralism, which in many instances results in bald anti-Americanism, provides atmosphere very unreceptive for any overt American influence. Any direct effort other than that mentioned under paragraph 1 (and that discreetly done) could have counterproductive effects our interests. In my opinion, however, it would be feasible and desirable, in addition, to feed into Indonesia and disseminate abroad material which would have effect of holding Government to commitment of elections and lay ground-

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"As nearly as can be judged here, deterioration of Indonesian political situation with increased opportunities for Communist infiltration and subversive maneuvers is being furthered by absence of definite plans for national elections. Department would hope that if firm election date announced many current tensions would be relieved and political energies would be diverted into constructive channels." (756D.00/1-754) work for wide condemnation both internally and externally at any efforts at stalling or skullduggery.

CUMMING

No. 260

S/S-NSC files, lot 63 D 351, NSC 171 Series

Memorandum by the Director of the Office of Defense Mobilization (Flemming) to the National Security Council[1]

CONFIDENTIAL WASHINGTON, February 4, 1954.

At a meeting attended by representatives of the Departments of State, Defense, Treasury, Interior, Commerce, the Foreign Operations Administration, the Office of Defense Mobilization, and the Reconstruction Finance Corporation, it was agreed that the following recommendations should be made with reference to the handling and distribution of the United States surplus tin supply (including the amount to be purchased from Indonesia) and with reference to United States non-participation in the proposed International Tin Agreement:[2]

1. That the United States pursue its present policy with respect to the 40,000 tons of tin now held by the RFC in excess of stockpile objectives: work up the ores on hand; recommend legislation that would authorize closing down, disposing of, or dismantling the Texas City Tin Smelter by June 30, 1954; and hold the excess stock in insulation, apart from the regular stockpile.
2. That the regular channels through which tin is purchased be authorized to make an offer to purchase the 20,000 tons of tin contracted for with Indonesia in the third year, at a price that will fairly reflect market prices at the time of delivery—i.e., on a monthly average over the 12 months.[3]
3. That the 20,000 tons so purchased be stored in insulation with the 40,000 tons referred to above, making a total of 60,000 tons, and that assurances be made that withdrawals therefrom shall be made

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[1] This memorandum was considered and approved by the NSC at its 183d meeting on Feb. 4, as amended in the light of the discussion at the meeting (NSC Action No. 1030). The text was then forwarded to the NSC for implementation by the appropriate agencies under cover of a note from Gleason indicating that it had been approved by the President on Feb. 6. (S/S-NSC files, lot 63 D 351, NSC 171 Series)

[2] On Mar. 4, the Department of State announced the intention of the United States not to sign the International Tin Agreement drawn up at Geneva in December 1953; see Department of State *Bulletin*, Mar. 15, 1954, p. 393.

[3] On Mar. 12, the RFC and the Government of Indonesia reached an agreement providing for the delivery of 18-20 thousand tons of tin metal and tin concentrate for the year beginning Mar. 1, with the price to be based on New York market averages at the time of delivery. (856D.2544/3-1144; 3-1844)

only at the direction of the President, as in the case of regular stockpile materials.

4. That the United States not participate in any negotiations for an International Tin Agreement with other countries or in any arrangement which might be construed as having cartel implications or characteristics; that the United States take no formal position with respect to what the other nations do—as to whether negotiation of an agreement among themselves is either good or bad—on the ground that we will have made such a contribution to stability of the international tin market by the handling of our own tin stocks that there is no obligation on our part to participate in any arrangements the other nations may negotiate; *provided* that the Department of State and the Foreign Operations Administration may informally encourage the other nations to proceed with the implementation of the Tin Agreement among themselves and thus, in the case of producer nations, to place appropriate limits on their own production in order to bring it into line with world market conditions.

ARTHUR S. FLEMMING

No. 261

756D.001/2-554: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, February 5, 1954—3 p. m.

842. Deptel 607, January 29.[1] On February 3 I took up with Prime Minister subject matter reference telegram. Purpose of my call was to introduce Ambassador Donovan[2] as a courtesy but I had previously informed Prime Minister I also had some business to take up with him. After general conversation and taking up a few matters covered in separate telegram,[3] I said that while I did not wish to give even the appearance of meddling in an internal Indonesian matter, my government had been concerned over the impression given by the attendance of high Indonesian Government officials that the government had placed the stamp of approval on the "National Peace Congress". After listening to my summary of the facts, Prime Minister showing some emotion asked why I

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[1] The introductory sentence of this telegram reads: "You are authorized in your discretion convey orally to Foreign or Prime Minister our surprise and concern that misrepresentation facts reflecting on UN as well as on policy Indonesian Government should go unrefuted at 'National Congress' attended and apparently supported by members Indonesian Government." (756D.001/1-2754)

[2] William J. Donovan, U.S. Ambassador in Thailand.

[3] Not printed.

had taken the matter up with him rather than the Foreign Minister, thus implying a criticism of his government. He expressed "surprise" that in the light of our previous conversations I should assume his government was pro-Communist. He then launched into a rather fuzzy defense Indonesian "independent policy", including reference to economic cost to Indonesia of support US embargo Red China, observing that no responsible government could let situation go on without doing something about it (while I may be wrong, I am inclined to believe that this observation was made for purposes of the record and not necessarily as a hint that Indonesia is about to breach the embargo).

I said that there was no intention of attacking his government; that I had taken matter up with him rather than Foreign Minister because I wanted to bring to his personal attention in the most friendly and informal way how official Indonesian participation in National Congress gave the appearance of approval of public criticisms, based on falsities of policies of the UN, US, and even the Indonesian Government; that the only reports available to me and to my government were Indonesian newspaper reports of the Congress and I hoped most sincerely that the reports were erroneous and that he could say something which would remove impression given by such reports. I said that if he was at all embarrassed by my taking the matter up with him I would be most happy, with his agreement, to take it up with the Foreign Minister instead. After some further references to the fact that there were no Communists in his government and that his government was not pro-Communist, he said that he could tell me, informally and personally, that his government did not agree with the various statements made at the National Congress. I said that I was very happy to hear this and asked if I might report his remarks to my government. He said that I might.

I felt throughout the conversation that Ali was very much on the defensive; he spoke with feeling and in a tone of controlled and hurt indignation but there something of the undertone of a small boy called to account for naughtiness. Much of what he said, I felt, was for the benefit of Ambassador Donovan, who was present.

During the conversation I gave him on plain paper headed "record of oral statement" a summary of what I had said to him, which he said he would like to retain even though I offered to retrieve it if in any way it would embarrass him.

I had a moment alone with Ali at the end of the conversation and expressed my satisfaction that he had been able to tell me, even though personally and informally, that his government had not approved of the statements at the National Congress; that I felt that the friendly personal relations between us demanded of me and my government that we let him know quite frankly how actions which might seem innocent to him impressed friendly countries abroad. When alone with him his manner was entirely friendly, and he repeated that "we must get together privately whenever my duties permit".

As a footnote I wish to report that when I saw the Prime Minister yesterday evening at University of Indonesia anniversary celebration, he and his wife were most cordial in greeting me. I feel therefore that the *démarche* was useful.

CUMMING

No. 262

756D.11/2-254: Telegram

The Acting Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, February 12, 1954—12:46 p. m.

653. Your 828.[1] Department giving careful study question possible Sukarno visit. Copy your message sent Vice President. He agrees with your conclusions. In order that full weighing of the advantages and disadvantages may be made, desire your estimate following: (a) affect U.S. visit on Sukarno's mass leadership and on his relationship probable Indonesian political parties; (b) extent Sukarno would hope through visit to advance his views on New Guinea, rubber, and increased U.S. technical and economic aid, together with effect on success of visit of U.S. inability respond to extent Sukarno would wish on foregoing issues; (c) extent visit would be conditioned by and affect forthcoming elections.

Whole matter being thoroughly explored against background U.S.-Indonesian and U.S.-Asian relationships and no consultations should take place with Indonesians pending decision. Even if favorable decisions reached, question of scheduling of visit in view other commitments here would be complex.

SMITH

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[1] Document 258.

No. 263

756D.11/2-2754: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, February 27, 1954—1 p. m.

949. Deptel 653.[1] I am fully aware in proposing Sukarno invitation to US that it has certain aspects of calculated risk inasmuch as his reaction difficult to weigh in advance, but my telegram 828[2] assesses possibilities as nearly as we can forecast them. In further response to Department's queries, I would say with respect to:

a. That this additional recognition would probably increase his personal prestige and add to his stature in minds of Indonesian masses. In present delicate balances in Indonesia, person of President is one of greatest stabilizing influences, and I think it advantageous to us to try to increase possibility of his maintaining this hold. With respect to his relationship to party politics, we would hope that this visit might encourage him to take a more positive stand in facing Indonesian domestic Communist problem and resisting external Communist influences. Sukarno reacts to recognition, would be impressed favorably by US power, warmth, friendship, and it is entirely possible his visit and activities in US might invoke criticism of him by internal and external Communist sources, which, from our point of view, would be very helpful as he would resent any interference with what he would consider exercise of rightful prerogatives.

b. Sukarno would undoubtedly express his opinion on New Guinea, especially if queried by press. He is, however, considerate by nature and following his own instincts and traditional Javanese courtesy would probably not willfully embarrass his hosts. So far as rubber, tin, economic aid concerned, it would be no more difficult to discuss these subjects with him there than with Indonesians here. As long as these issues are of vital importance to Indonesia they will have some prominence in our discussions at all levels.

c. It difficult to see how Sukarno visit would have any effect on Indonesian elections, especially adverse ones. It would be inadvisable for Sukarno to be out of country immediately preceding, during or following elections. They now scheduled for early 1955.

In view fact Sukarno one of very few Asian leaders for one reason or other eligible for invitation to US, would hope that place could be found in crowded US calendar to make it possible.

CUMMING

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[1] *Supra.*

[2] Document 258.

No. 264

756D.58/8-2753

The Acting Secretary of State to the Secretary of Defense (Wilson)

TOP SECRET [WASHINGTON,] March 12, 1954.

DEAR MR. SECRETARY: I refer to my letter to you dated June 23, 1953,[1] in which I asked that you make a preliminary study of the feasibility, from a military standpoint, of assigning a United States military mission to Indonesia. I refer further to your reply of August 27, 1953,[2] which indicates that the assignment of such a mission would be feasible. Our interest in your views at that time was based on a request from the Ambassador of Indonesia that we explore the possibility of sending a military mission to his country.

The Ambassador subsequently returned to Indonesia where he is now head of the Cabinet which took office August 1, 1953. His Cabinet is supported in Parliament by Communists. Some of the Cabinet Ministers are known to have pro-Communist attitudes and to have acted in a pro-Communist manner. The Cabinet, however, contains no known members of the Communist Party and the Government has been extremely sensitive to allegations that it is Communist influenced.

One of the Cabinet members whom we consider subject to Communist influence is the Minister of Defense, Iwa Kusumasumantri. He has, since assuming office, (a) placed suspected Communists in the Ministry of Defense; (b) recommended arming the pro-Communist volunteer group PERBEPSI; and (c) sought the removal of non-Communist and pro-American officers from the Indonesian armed forces. His policies have been opposed by the stronger group of higher ranking Indonesian Army officers constituting the "professional" corps which is anti-Communist. His policies favoring PERBEPSI are reported to have been opposed also by the more responsible members of the present Cabinet under the leadership of Prime Minister Ali.

Our Ambassador in Djakarta paid a routine call on the Minister of Defense on February 26. Minister Iwa told him at that time that the Indonesian Government has abandoned the idea of bringing any foreign military mission to Indonesia to train its defense forces but that "after further consultation with the Prime Minister and the Foreign Minister, he might wish to get in touch with him (our Ambassador) to see if American instructors might be nominated by the United States for individual employment." He went on to express his satisfaction with the training that Indonesian officers have received in the United States and stated his preference for American training over that obtained from other countries.

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[1] Document 247.

[2] Document 250.

While the Department does not desire to support the present Minister of Defense nor endorse him in any way, the opportunity to introduce American Army officers into the Indonesian Army appears worthy of study and possibly, encouragement. In view of the advantages to the United States which could accrue, we do not believe that an adverse evaluation of Iwa or his motives should be decisive in determining the course of action for the United States. We believe that an opportunity to place carefully selected American Army officers in the Indonesian Army for training purposes would provide a means of exerting an influence against communism . . . .

The Department does not intend to show any eagerness in responding to the Indonesian Minister of Defense but believes there would be value in indicating to Prime Minister Ali and Foreign Minister Sunario that we would be cooperative if the Indonesian Government formalizes its position in this matter.

I would appreciate your exploring the question of whether the Department of Defense could nominate United States Army officers (or reserve or retired United States Army officers) if a firm request should be forthcoming from the Indonesian Government. I would also appreciate receiving your evaluation of the advantages and disadvantages, from a military standpoint, of giving Indonesia military training assistance under such an individual contract plan.

Sincerely,

WALTER B. SMITH

No. 265

756D.5 MSP/4-854

Memorandum by the Officer in Charge of Indonesian and Pacific Island Affairs (Galbraith) to the Director of the Office of Philippine and Southeast Asian Affairs (Bonsal)

TOP SECRET WASHINGTON, April 8, 1954.

Subject: Military Training Assistance for Indonesia

The attached telegram (Djakarta's 1142—Tab A)[1] raises a number of difficult questions, the most potent of which are the following:

1. Can we provide Indonesia army and air force officers to serve as instructors, without formal agreement?
2. Can present training in the U.S. for Indonesian Army officers, due to cut by two-thirds because of dollar shortages, be continued?
3. Can Filipino officers be utilized for training in Indonesia?
4. Can the dollar cost of the above training be borne by the U.S.?
5. Can the above arrangements be handled discreetly, if not secretly, with Prime Minister Ali and perhaps one or two other Cabinet officials at most?

These questions raise, in turn, the important policy question: would the U.S. by providing military training to the present Government strengthen that Government and prolong its life (NSC 171/1, paragraph 19)?[2] Almost equally important is the question: would the U.S. in providing military instructors through secret negotiations with the Prime Minister, risk precipitating another Cabinet crisis, which like the "MSA crisis" of February 1952, would create a "setback" to U.S.-Indonesian relations and contribute to the establishment of a cabinet less amenable to cooperation with the U.S.? It is not impossible that Iwa, acting on instructions from the Communist Party, is setting a trap for the U.S. and for the Indonesian Government.

I believe we can and should continue to explore this subject with the present Government. I believe the most desirable initial step would be the assignment at the Indonesian Government's request of a qualified officer whose principal initial task would be to establish contacts with Indonesian Army leadership, survey the situation and draw up recommendations for training (he would best be under individual contract to the Indonesian Government). We should also explore on a confidential basis with the Philippine Government an arrangement under which qualified Philippine officers could be provided Indonesia on contract or loan. If the officer assigned to make the initial survey were successful in his contacts, and if his recommendations warranted it, a request by the Indonesian Government should be stimulated to which the U.S. could respond favorably. Such a request should have:

1) broad backing from Indonesian Army leadership,
2) endorsement by the Indonesian Government and approval by the President and Vice President,

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[1] Telegram 1142, Apr. 6, dealt primarily with a conversation of the previous day between Ambassador Cumming and Prime Minister Ali on the question of Indonesia's hiring U.S. military instructors. (711.56356D/4-654)

[2] Document 255.

3) acceptability to non-Communist elements in the major political parties both in and out of the government.

Such a development would warrant a request for OCB action approving the extension of assistance to Indonesia for military assistance and, if necessary, an NSC decision.

I recommend that we now:

1) Explore with Defense the selection of an officer to make a survey;
2) Authorize the Ambassador to discuss with Prime Minister Ali the assignment of an officer, on individual contract basis, to survey Indonesia's training needs and recommend a training plan;
3) Authorize our Embassy in Manila to explore, on a confidential basis, the availability of experienced officers who might serve, on an individual contract or loan basis, as instructors to the Indonesian Army.
4) Explore with Defense the feasibility of providing MATS transportation from Manila for Indonesian Army officers assigned for training in the U.S. (the Indonesian Garuda Airways can be utilized for the trip to Manila).

Note: Mr. Radius told me this afternoon that the Under Secretary has expressed keen interest in this matter, is anxious that we do not miss the opportunity it offers to get our people into Indonesia and wants to be kept informed of our progress on it. . . .

No. 266

956C.61/4-1354

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumwright) to the Assistant Secretary of State for European Affairs (Merchant)[1]

SECRET [WASHINGTON,] April 13, 1954.

Subject: Requests for interviews on behalf of the "Republic of the South Moluccas"

The President, the Secretary, and certain officers of the Department have been approached to grant interviews to Karel J.V. Nikijuluw on behalf of the "Republic of the South Moluccas". Lawrence Griswold, an American free-lance writer, has acted as intermediary on occasion. Their request for appointment with Acting Secretary

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[1] Copies were also sent to Assistant Secretary of State for Near Eastern, South Asian, and African Affairs Byroade, Assistant Secretary of State for Inter-American Affairs Holland, and Assistant Secretary of State for United Nations Affairs Key.

Webb was refused in February 1952,[2] and their recent request to see the Secretary was also turned down.

The "Republic of the South Moluccas" is an insurgent group which led an unsuccessful revolt on the island of Ambon against the Republic of Indonesia in 1950. It has continued through correspondence and publications to seek support for the alleged Republic. The Department has refused to answer correspondence from persons identifiable with it. The Indonesian Embassy has on several occasions protested over Nikijuluw's presence and activities in the United States. It has asserted that he and the group he represents menace the security of Indonesia by smuggling arms and persons into the islands of eastern Indonesia via Netherlands New Guinea.

The Department has no evidence which would positively identify Nikijuluw or the "Republic of the South Moluccas" with the actions which Indonesia alleges. However, as the group is an insurgent one inimical to the interests of the Republic of Indonesia, I have recommended against granting interviews to Nikijuluw or other persons identifiable with the "Republic of the South Moluccas" since to do so might embarrass U.S.-Indonesian relations and seriously hinder the achievement of our objectives with respect to that country.

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[2] Further information is in telegram 909 to Djakarta, February 20, 1952. (756C.13/2-2052)

No. 267

756D.00/4-1454

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, April 14, 1954.

No. 645

Ref: Hague despatch 819 of March 5, 1954 and Deptel to Djakarta 767, rptd Hague 1066[1]

Subject: Situation in Indonesia

The Department's referenced telegram requests the Embassy's comment on the estimate made by Foreign Minister Luns to Ambassador Matthews on the situation in Indonesia. Minister Luns expressed grave concern over the general deterioration which he felt was taking place in Indonesia . . . .

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[1] Neither printed.

There has unquestionably been a progressive deterioration of the Indonesian political and economic situation during the past 18 months and it is not impossible that this deterioration may continue uninterrupted during the months to come. . . .

There can be no questioning of Minister Luns' basic contention that the last two years have seen a progressive deterioration in the economic and political situation in Indonesia. Certain aspects of this disintegration, however, could not be considered as entirely unexpected. With the waning in force of the central unifying centripetal element in Indonesian political life, the common struggle for independence, it would seem logical to anticipate in a country such as Indonesia, with great land and sea distances, poor communications, with a politically immature population of widely different ethnic and cultural backgrounds, that domestic political fragmentation and struggle for power, together with a general development and strengthening of the centrifugal forces inherent in the social and political structure of the Indonesia nation, would take place. Whatever the validity of this thesis, it is true that in the past two years Indonesia's basic economic, demographic, and political problems have been augmented by a growth in provincial dissatisfaction with the central government, by a deteriorating internal security situation, by increasingly bitter inter-party political conflict, and by a resurgence and return to a position of influence of the Indonesian Communist Party. Even this incomplete enumeration of certain current and obvious evidences of disintegration and deterioration provide, apparently, more than adequate grounds for a pessimistic estimate of Indonesia's immediate future.

There are, however, certain basic aspects of the Indonesian situation which tend to relieve an otherwise almost uniformly gloomy picture and perhaps even provide grounds for some reserved optimism.

The very conditions which have impeded the development of an integrated, unified state from a nation extending over hundreds of miles of islands and seas—poor communications, divergent cultural ethnic groups—have also tended to soften and delay the impact in one section of Indonesia, of disturbances and disruptions in other sections of the country. This looseness of its political and economic organization has given Indonesia a flexibility and resilience to shocks which would completely disrupt a tightly knit, integrated, geographically unitary state. In a sense, therefore, almost all developments in Indonesia are "local" developments.

The fact that the vast majority of Indonesian people are engaged in subsistence agriculture has also contributed to the above mentioned basic flexibility, resilience and stability of the Indonesian social and economic structure. (In gang-ravaged West Java, rice production in 1953 was greater than in 1952.)

The disillusionment, cynicism, and bitter conflicts characteristic of the political atmosphere in Djakarta are much less evident outside the capital city.

Although imperfectly understood, there is among the small educated group ruling Indonesia today a deep respect and emotional attachment to Western concepts of democratic liberalism. This Dutch cultural heritage is reflected in Indonesian political life, among other ways, by a general acceptance of parliamentary procedures as the proper system of government for Indonesia, by a belief that a free exchange of ideas is necessary for a healthy democracy, and by an almost overly tolerant attitude towards divergent political ideologies. An immature, ill-informed, fractious, but independent press, conscious of its role in a democratic society, exists. With the exception of the Indonesian Communist Party and the outlawed DI, no Indonesian political party could be justly accused of aspiring to dictatorial powers.

The person of Sukarno, and the office of the presidency, provide a significant element of continuity and stability, and constitute a unifying force of considerable importance. Sukarno shares with other Indonesian non-Communist leaders the above mentioned respect for democratic institutions and practices, and he has lent both by his actions and words the weight of his considerable influence to their support. It is impossible to predict how Sukarno will use his power in the future, but at present he appears to be sincerely and self-consciously dedicated to the task of guiding the development of "his" nation along democratic and constitutional paths—as he understands these concepts.

Although the Indonesian Communist Party is in a stronger position today than at any time since immediately prior to the Madiun uprising, it is not at present in a position to make a successful bid for power. Many of Indonesia's present leaders continue to show a disquieting tolerance of Communist organizational activity, a naive confidence that the PKI can be used with impunity to further their own political ends, and a stubborn reluctance to abandon the idea that Communism is somehow "liberal" and "progressive". Nevertheless, with the PKI resurgence have come encouraging signs that the lesson of Madiun may not have been forgotten and that even those presently cooperating with the PKI may be beginning to doubt the Communist's claims that they are a nationalist political party free of Moscow or Peking control.

Indonesia has no common boundary with a country under Communist control.

The Indonesian national police constitutes a well-organized, generally well-led, and non-political law enforcement body which has demonstrated by its actions the realistic and pragmatic attitude that the Communists represent a threat to law and order. The Indonesian Army, while split by internal difference, and subject to constant political pressures, has remained successfully, essentially non-political, and its top leadership, with few exceptions, has shown itself loyal to the concept of the Army as the servant and defender of the state.

In listing some of the elements in the current Indonesian situation which are considered to exercise a stabilizing influence or to ameliorate disruptive influences it is not the Embassy's intention to minimize the seriousness of the Indonesian situation as it exists today. A Communist victory in Indochina and an expansion of Communist control into the Malayan Peninsula; a successful Communist infiltration of the Army and the police or the development of a para military force under Communist control; the emergence into open violence, clearly under the surface, of present day Indonesian political antagonisms; the death of Sukarno; could produce, singly or in combination, a rapid and extremely grave deterioration in the local situation. It is felt, however, that the situation as it exists today does not justify an estimate as pessimistic as that expressed by Minister Luns, and that certain basic stabilizing forces may be strong enough to maintain a viable Indonesian Government for some time to come.

Department please pass copies to London, Paris, The Hague, Moscow, New Delhi, Tokyo, Manila, Bangkok, Rangoon, Singapore, Taipei.[2]

HUGH S. CUMMING, JR.

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[2] A summary of this despatch was transmitted to Secretary Dulles on May 17 in a memorandum from Drumright in the light of a recent expression of concern made by the Secretary at a staff meeting over the situation in Indonesia. (756D.00/5–1754)

No. 268

711.56356D/4-654: Telegram

The Acting Secretary of State to the Embassy in Indonesia[1]

TOP SECRET WASHINGTON, April 17, 1954—10:45 a. m.

882. Limit distribution. Your 1142.[2] Department requesting Defense recommend officer type suggested your paragraph (4).[3] If available and acceptable Indonesians, Department recommends he make initial survey training needs and possibilities, establish initial contacts with army leaders and submit recommendations.

Department also exploring with Defense possibility and feasibility providing MATS transportation Indonesian Army trainees (who could perhaps travel Garuda Djakarta to Manila for rupiahs thence MATS to training sites) (your paragraph (2)).

Department agrees availability suitable Filipino officers and their possible utilization Indonesia to promote Philippine-Indonesian relations should be studied.

At suitable opportunity you are authorized tell Ali we are willing explore availability suitable experienced officer who could be hired on individual contract to make survey and recommend training plan to Indonesians.

Department desires your estimate advisability suggesting to Ali that he consider possibility exploring with Philippines availability on contract or loan of officers experienced in infantry and light weapons and acquainted American methods and equipment.

For your information, Department believes this opportunity introduce American influence and improvement into Indonesian Army and assist achievement overall U.S. objectives Indonesia. Agrees your estimate necessity careful handling and avoidance pressure or hasty action, particularly at outset. Department also believes important Ali and other Indonesian leaders concerned be brought to understand a) our desire to help improve Indonesian armed forces in order strengthen Indonesian ability preserve order and maintain independence; b) our belief that to be effective and not compromise officials concerned or embarrass U.S., our assistance to military must be approved by President and Vice President, endorsed by Government and acceptable army and non-communist party leadership; c) no military assistance or training from Communist country may be utilized while U.S. assisting.

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[1] Repeated to The Hague and Canberra.

[2] Dated Apr. 6; the substance is in Document 265.

[3] In a letter dated Apr. 19 to Secretary of Defense Wilson, Deputy Under Secretary of State Robert Murphy suggested that the feasibility of sending U.S. military instructors be explored by a U.S. officer of the rank of Colonel or above, preferably with experience in training Philippine or Puerto Rican troops, and possibly with some training in the Indonesian language. (756D.58/4-1954)

To Hague, Canberra, info only. Not for discussion outside Embassies.

SMITH

No. 269

756D.11/5-154: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, May 1, 1954—noon.

1265. Limited distribution. Mytel 949, February 27. At Dutch National Day party yesterday, Pringodigdo, Chief President Sukarno's Secretariat, drew me to one side. He apologized for doing so but said he wanted to talk to me before leaving Monday[1] with President on a trip to Lesser Sundas and Amboin. Pringo said that some time ago Sukarno had discussed with Ambassador Cochran the possibility of a visit to US; Sukarno had wanted to go and Ambassador Cochran thought arrangements could be worked out; trip however had not materialized because of attitude of the then Indonesian Government. Pringo said he thought time now ripe again to consider such a visit; that he had not discussed question with President (I doubt this) or Prime Minister but he knew that Foreign Minister and "some other Cabinet officer" would like to have Sukarno visit US: Sunario particularly anxious to accompany President himself. He repeatedly emphasized that he was not putting the idea to me officially but would be grateful if I could give him my personal opinion as to possibility of such a visit. In reply to my question he said he thought visit might not be practicable until some time in late winter or early spring of 1955—perhaps a little later but in any case should take place before the election, which he believed would not come before June or perhaps July 1955 (this coincides with statement made to me Friday by Masjumi leader Natsir). I remarked that that was a long time off; that much could happen in Indonesia, in US and in world in the next twelve months and suggested therefore that even though foreign visits of chiefs of state required much prior planning Pringo's question might perhaps be premature. Pringo replied that President was leaning more and more towards US, partly because of real liking for Americans and

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[1] May 3.

American ways and partly because of distrust of PKI activities. Pringo hastily added that President's "leaning" did not mean abandonment Indonesian independent policy. I asked him why he thought visit should take place before Indonesian elections. He said that "no matter what happened" Masjumi, who were the "most pro-American" of all Indonesian political parties, would win the elections; that he saw an advantage to US in having PNI, who after elections would be principal opposition party, gain credit for accomplishing Sukarno's visit to US. He thought this would not adversely influence pro-US attitude of Masjumi and intimated vaguely they might be consulted privately at proper time.

Pringo went on to say that he thought time was approaching when I should have a private conversation with President Sukarno to ascertain for myself general trend of his current views on world situation and Indonesian role therein. He suggested that he and I meet after his return three weeks or so hence from his trip with the President and expressed hope that at that time I might be able to give him my personal views re Sukarno visit US. He said at that time we could also work out arrangements for me to see President privately, perhaps giving as an excuse presentation of some book to avoid undue public speculation over reason for American Ambassador having audience with President.

I told Pringo that I would reflect on our conversation and would try to develop some personal views to give him on his return.

As stated above, I doubt very much whether Pringo made this approach to me without foreknowledge of President, especially as its presentation seemed so thoroughly worked out. I venture to remind Department that Pringo has reputation being something of an intriguer—and I am wary of any effort to draw me into present confused currents of Indonesian politics unless I can be reasonably certain of the purpose and of the outcome from standpoint US objectives. I would welcome any guidance Department might wish to give me prior to my next talk with Pringo and as to attitude I should take with respect to Pringo's suggestion that I should see the President. Subject to world and local developments next few weeks I am presently of opinion that it might be useful to have as thorough a talk with President as circumstances permitted even though he is certain to raise Irian.

CUMMING

No. 270

756D.11/5-154: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, May 12, 1954—5:31 p. m.

974. Limited distribution. Your 1265.[1] We believe Pringgodigdo's approach probably planned, indicative Sukarno's wishes and therefore significant. We also believe Sukarno's long-standing desire visit U.S. could, if properly developed, a) be symbolic his basic preference for free as opposed Communist countries and favorably influence followers, b) stimulate him to prepare atmosphere in which he could accept invitation and make visit, c) possibly expedite and favorably influence elections.

Suggest you keep discussions subject possible visit on general, personal, no-commitment level stressing importance informal planning confidentially between you and Sukarno until commitment possible both sides and emphasizing impossibility visit 1954. If Sukarno expresses desire receive invitation, suggest you secure his views probable timing elections making clear we would wish avoid timing possible visit which might imply U.S. attempt influence elections.

Department believes opportunity Ambassador discuss privately with Sukarno latter's "current views on world situation and Indonesian role therein" should be taken and suggests you:

a) Attempt draw Sukarno out on meaning "benevolent neutrality" (Paris 4070)[2] and on his reaction to increased Communist danger Indochina and elsewhere Southeast Asia;

b) Be guided by our 930 and 936[3] should subject New Guinea arise (points you made to Sunario—your 1153[4]—might also be effective disabusing Sukarno any idea he might have of gaining U.S. support on this issue connection visit);

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[1] *Supra.*

[2] See Part 1, p. 433.

[3] These telegrams, dated Apr. 29 and May 1 respectively, expressed the Department of State's view that it would be unwise for Indonesia to take the West Irian question to the U.N. General Assembly, since such action would only benefit the Communist propaganda machine at the expense of the free world. The Department felt that the question should be handled on an amicable, bilateral basis without any damaging airing of it in the forum of the United Nations. (756D.00/4-2954; 656D.00/4-854)

[4] Dated Apr. 8; in it, Ambassador Cumming reported on a conversation with Foreign Minister Sunario in which Cumming at some length reiterated the U.S. policy of "hands off" on the West Irian question, while at the same time expressing the wish that the matter could be settled amicably and without a showdown. (656D.00/4-854)

c) If asked, express opinion high regard Indonesia's adherence its agreements would be further enhanced by negotiation rather than by unilateral abrogation Dutch-Indonesian Union.

Department believes development invitation and visit will require patient handling as your personal relationship with Sukarno grows but that Indonesian approach on this subject now significant and not unrelated events Indochina and recent indications Indonesia reappraising foreign policy (your 1187).[5]

FYI Deputy Under Secretary Murphy calling in Indonesian Ambassador May 13 for general discussion Indochina and SEA developments.

DULLES

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[5] Not printed.

No. 271

756D.11/6-1154: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET — DJAKARTA, June 11, 1954—4 p. m.

1467. Limit distribution. Mytel 1441, June 8.[1] Pringgodigdo lunched with me yesterday. He confirmed impression I gained in conversation with President last Sunday that Sukarno welcomed opportunity for private talk with me. Pringgodigdo said that he wanted to warn me however that, having consulted with some of his other advisers, President was now of opinion that he neither could nor should visit the US until after the elections and then only if "the election showed a good result".

He said that any presidential trips abroad in the meantime would probably have to be confined to Asian countries and he hinted that a suggestion had recently come from Pakistan that the President visit that country, such a visit would have to include India and perhaps Ceylon.

Replying to my question as to meaning of "a good result", Pringgodigdo said that the President, who has been progressively isolating himself from nearly all political leaders and factions except

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[1] The text reads as follows:

"At President's birthday reception Sunday [June 6] Sukarno told me he had instructed Pringgodigdo arrange for audience with me on June 14. Of passing interest is fact President engaged me in friendly conversation for longer period than any other chief of mission present including Red Chinese. Nothing of importance was said, but incident was commented on by colleagues." (123 Cumming, Hugh S., Jr.)

PNI and leftist groups associated with PNI, was convinced that there was very little chance of Masjumi supporting him personally under any circumstances; that "good result" therefore meant, speaking broadly, a PNI victory; that, in other words, the President felt that Masjumi, if they came into power singlehandedly or with support of PSI, would oppose him in the presidential elections scheduled to follow the adoption of the new constitution. Pringgodigdo said that the President had now so closely identified himself with the PNI that it was impossible for him to visualize his own continuance in office without a PNI victory. He said that the President also related his continuance in office to the success of democracy in Indonesia "as the President now conceives democracy". He did not elucidate. The Masjumi have greatly strengthened and extended their party organization in the rural areas and this in turn had within the past few weeks led the President to condone and even encourage the "brutality" with which PNI were removing officials of all grades from office and supplementing them with their own people. Pringgodigdo felt that practically the only person in PNI who can exercise a moderating influence on the President is Abdul Gani who he said the President had personally ordered appointed Secretary General of the Foreign Office. He thought that Abdul Gani especially and perhaps a few others including Sunario (despite the latter's close association with Prime Minister Ali) might under favorable conditions be able to participate in a working agreement between PNI and the moderate Masjumi, but he added "at the present time I see little likelihood of such an arrangement being brought about. The President and his PNI advisers are determined upon a PNI victory without seeking Masjumi collaboration".

Reverting to his use of the word "brutality" in connection with PNI removal of opponents from office, he said that PNI preparations for the elections were very thorough and far reaching. He had heard the estimate made by a PNI leader in an unguarded moment that through control of the electoral and administrative machinery they could keep the vote down to 30 percent of the qualified electoral lists (my note: these are not yet drawn up) and, if so, could win the elections. He said that perhaps I was aware that the PNI "preparations" included the solicitation under pressure of funds from not only the Chinese element of the Indonesian population but also from foreign firms (see mytel 1385).[2] I said that

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[2] This message, dated May 25, reported at some length on two recently discernible trends in the economic scene: First, an increase in pressure on American and other foreign firms for "Indonesianization" of their operations at an accelerated and "unreasonable" rate; second, "the increasing evidence of political graft, partly for indi-

Continued

I had heard such rumors and that I was fully determined to do every proper thing within my power to protect any American interests from compulsory contribution to any political party in Indonesia. (Quite frankly I said that with emphasis in the hope that Pringgodigdo might repeat my remarks to the proper quarters.) Pringgodigdo shrugged his shoulders and said he could understand my point of view but perhaps the only result of any such action would be obtaining of advantages by British and Dutch firms at the expense of the American firms. I dropped the subject.

Pringgodigdo also asked me if I was aware of the assistance the US was giving PNI through technical assistance in improving the facilities of the RRI (state radio). I said I had not thought of technical assistance in that light but that I had wondered a little at the government statement sometime ago that the state radio system could not be used for criticism of the government even to the point of forbidding the reading over the radio of published newspaper articles critical of governmental policy. Pringgodigdo observed that this was only one of a number of measures adopted at one of the first meetings of the present cabinet to exercise restraint over public opinion to the advantage of PNI and its supporters. (For Department's information, the acting director of USOM mission and I had already agreed upon the preparation of a telegram recommending a reduction insofar as legally possible in the funds allocated for improvement of the Djakarta broadcasting station.)

Pringgodigdo said that in his opinion Vice President Hatta was the only political personage in Indonesia who could in the long run pull the country together unless, of course, Sukarno should himself resume direct personal contacts with leaders of the several non- and anti-Communist parties, and this latter possibility he thought unlikely since Sukarno more and more tended to rely upon his personal prestige with the body of the Indonesian people. He said, however, that it was now over a year since Hatta had had a real talk with the President and that Hatta himself felt that the breach between the two was probably irreparable, although Hatta's loyalty was such that it was unlikely he would take the initiative in any move against the President. He went on to say that whereas up to 18 months or two years ago the President in private conversation was outspoken against the Communists, he now tended in private circles to be more moderate in his criticisms and went out of his way to receive fellow travellers from abroad. (This is true.) He hastened to say that this did not mean that the President had become pro-Communist but only that the Communists, by exercising re-

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vidual enrichment but mainly as a means of filling party election campaign chests." (811.05156D/5-2554) straint and refraining from personal attacks on Sukarno and diverting such attacks to Hatta, had "somewhat weakened the President's mental defenses against the Communist infiltrators" as distinguished from what the President had described as "the extremist Communists" deriving direct support from abroad. He added that the principal support of democracy in Indonesia aside from Hatta "was now the Siliwangi division" and that it was the patriotism of such military leaders as Colonels Simbolon, Kawilarang and Bachrun which provided such balance as presently exists in Indonesia.

Comment: I think Department will agree that, even granting Pringgodigdo's gossipy nature, the foregoing is an extraordinary conversation considering Pringgodigdo's position as chief of the presidential secretariat. Conversation gives nothing especially new but does confirm . . . other sources and isolated conversations which members of my staff have had with their contacts. Not knowing exactly why Pringgodigdo should unbosom himself so freely to me, I exercised greatest possible restraint in my share of conversation and except as indicated in the body of this telegram, made no comment except such as were necessary to draw Pringgodigdo out further and also the following: At one point I asked Pringgodigdo whether he realized that what he was telling me of the President's personality, character and present political orientation was of the greatest importance in the light of his leadership of a key country in SE Asia during this critical period. I did this partly to give him an opportunity to reconsider his remarks if he so chose. He seemed to understand fully, agreed with me and expressed his own concern and those of his friends (whom he did not identify) over (1) the manner in which PKI had gotten behind the guard of many Indonesian leaders, (2) possibility of some agreement at Geneva which would end up by opening way to Communist control of all Indochina, (3) immediate danger this would pose to Indonesia, (4) tendency of some PNI personalities to be blind to three.

CUMMING

No. 272

756D.11/6-1554: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, June 15, 1954—5 p. m.

1495. Limit distribution. During my conversation with President Sukarno yesterday morning I mentioned subject of his visiting the US. I told him that I could make no commitments and assumed that he could not either but that I was certain my government would approve of my following up my conversation with Pringgodigdo (mytel 1265)[1] and talking about the subject in a general way. I said that the subject would require very careful personal planning between us so that if at the last minute the visit should prove to be unwise from either the American or Indo standpoint, the trip could be dropped or deferred without embarrassment to either side. He said he was aware of my conversation with Pringgo and that he was sincerely grateful for the interest I had displayed in his visiting the US; that even though he might not approve of all US policies, he had the deepest admiration for America and for its leadership of and inspiration to all those who believed in real freedom. He said he wished to visit the US more than any other country in the world but that he could not make definite plans at this time because of two major considerations, first, the Indo elections which were of vital importance to the future of country and of immediate concern "to my own future" and, secondly, the Afro-Asian conference, planning for which was engaging his attention. (I tried to draw him out on the latter point but he confined himself to saying that such a conference was in his opinion extremely important to building up understanding between "the peoples concerned".) He said that these considerations made a visit perhaps impossible until some time in early 1955 but in meantime he suggested we keep the subject open between the two of us, with either free to raise the question at any time.

Foregoing relates to Deptel 974.[2]

CUMMING

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[1] Document 269.

[2] Document 270.

No. 273

656D.00/6-1554: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, June 15, 1954—5 p. m.

1496. Limit distribution. At meeting with President Sukarno this morning I presented him with set of Lincoln's works and a film of President Eisenhower's TV speech of April 5,[1] both provided by USIA. President was greatly pleased.

Remainder of conversation, which lasted over forty-five minutes, revolved around Irian. Irian was the warp and other topics as they arose the woof of the pattern of impressions which Sukarno almost too obviously wished to leave in my mind.

After exchange of amenities, during which President said he was glad to have a private conversation with me and hoped that I would permit him to be as frank as he wished me to be, he asked me for my views on "the politics of the day" and added "by politics I mean your views on Irian". I said that I had heard the Indo position expressed by a number of people but would appreciate hearing first hand from him his own views. He very briefly summarized his well known statements of the past laying special emphasis on the failure of the Dutch in the past even to discuss the problem. He spoke very quietly and without histrionics, and the whole conversation continued in that tone. I elaborated on the points I made to Sunario as reported my telegram 1153,[2] emphasizing the potential greatness of Indos future; the part he could play in making Indo influence a force for good and for stability in Southeast Asia and in Asia as a whole; and our hope that even though our two countries might not see eye to eye on every issue we might develop a close and lasting relationship. I stressed our historic aversion to colonialism in all its forms and the steps we had taken in recent years to give expression to our attitude, such as Philippine independence and more especially the untiring efforts of Secretary Dulles to bring about real independence for the Associated States in Indochina. I called attention, on the other hand, to our world-wide interests and commitments such as ANZUS and NATO, the latter including our wartime and present day ally, The Netherlands. I suggested to him my personal view that colonialism except as practiced by Soviet Union would inevitably wither away but that such momentous changes in the historic pattern of world relationships developed over the past two or three centuries could not take place overnight. I concluded by asking him to appreciate the reason for our neutrality in Irian matter, caught as we might otherwise be in a dispute between our good friend Indonesia on the one hand and our close ally The Netherlands on the other.

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[1] Radio and television address to the American people on the State of the Nation; text in *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1954*. p. 372.

[2] See footnote 4, Document 270.

Sukarno listened very intently and remarked that I had made a very appealing exposition of US views which he could understand but could not agree with. He said he thought we were making a great mistake in linking our European interests with our Asian interests; that "his people", who were inexperienced in world affairs, could only see that the US would not support their desire to "reincorporate Irian in the Indo State" and that this was equivalent to support of the Dutch position; that on the other hand they heard constantly repeated Soviet and Communist Chinese support of Indo claims and this tended, despite our record as anti-colonialist, to make Indo people feel that the important aspect of American policy was not so much anti-communism as anti-Asian (*sic*).

I replied that I did not think our position on Irian involved the linking of European and Asian considerations but rather the difficult and trying task of reconciling sometimes divergent interests and obligations in widely separated parts of the world. I used the well worn figure of the ripples caused by a stone thrown into a pond.

I said that as an American I felt confident that despite mistakes we had made from time to time, in the long run the peoples of Asia would come to understand our real sympathy with their true aims and aspirations and appreciate the many things we had done to help them attain and protect their independence. To this Sukarno replied that we should not forget that the peoples of Asia were rapidly developing their own points of view and that if we delayed too long settling such problems as Irian along the lines of Asian wishes we might find that Soviet propaganda had penetrated and won over the hearts of Asian people. (At this first interview with Sukarno I did not think any useful purpose would be served by questioning too openly his identification of the desires of the Indo people—which really means Sukarno's personal aims—with the aspirations of the Asian people who in my opinion know little and care less about the future of Irian.)

Sukarno said he did not understand why we did not intervene in Irian question when we had already intervened in Korea and in Indochina. I tried to make clear to him the difference between our participation in Korea as a member of UN, our "intervention" in Indochina and the Irian dispute. This gave me an opportunity to open up points suggested in Department telegram 1078.[3] He made no comment except to say, in reply to my direct question, that while he and perhaps most Indo leaders realized the threat that a Communist control of Indochina would pose to Indo, the people of Indo saw only that we would not support them in their Irian ambitions. I said that I did not wish to take issue with him and would not ask him to comment on what I was about to say but that I could not feel in my heart that if he as the great leader of the Indo people really felt that a Communist Indochina was a threat to Indo he would fail to make that clear to his people at proper time.

The meeting broke up in a very friendly spirit and the President said he would be glad to talk with me again at any time. He was good enough to say that he appreciated my frankness and friendly manner. When I left the room I found Abu Hanifah, Adviser General of Foreign Office in charge American affairs, waiting to see President.

The meeting was not very productive. It confirmed more by inference than direction some of the observations reported my telegram 1467.[4] It seems to me only natural that given Sukarno's absorption with Irian he should concentrate on that subject at our first meeting. Despite fact that subject will arise again, I believe that after a suitable interval I should take advantage of his suggestion and have another talk with him which might elicit his views on the broader Asian picture.

CUMMING

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[3] Dated June 12; it suggested that in discussing Indochina with President Sukarno, Ambassador Cumming emphasize U.S. concern for the complete independence of the Associated States, the imminence of the Communist threat to Indochina and all of Southeast Asia including Indonesia, and the need to establish a regional organization to protect the newly independent states against that threat. (751G.00/6-1254)

[4] Dated June 11, not printed.

No. 274

493.56D9/7-254: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET PRIORITY WASHINGTON, July 2, 1954—7:29 p. m.

13. Excon. Basis information your 6 and 9;[1] Singapore's unnumbered July 1;[2] Djakarta broadcast carried FBIS July 1. Department and FOA believe essential advise Indonesians advance actual shipment if possible that violation UN embargo and Battle Act seemingly involved (see Department's 1069 January 1953).[3] Indonesians must be made realize they cannot maintain UN respectability by adopting obvious subterfuge of marking rubber for New York and Boston, when in fact sold to and being shipped to Communist China, probably within context trade agreement.

Accordingly in view need urgent action Ambassador, unless he perceives objection, should make immediate call Acting Foreign Minister Ali basing information press reports and make clear:

1. Rubber going to Communist China would violate UN embargo.
2. U.S. would regard such violation serious blow UN prestige and foundations collective action under UN.
3. U.S. domestic legislation (Battle Act) states that it shall be "administered in such a way as to bring about the fullest support" for the May 18, 1951 resolution of the UN General Assembly. If U.S. were to receive evidence rubber shipment to Communist China knowingly permitted by Indonesian Government, U.S. would be obliged to consider case as falling under Section 203 dealing with termination of aid.
4. Violation of UN embargo would inevitably do great harm US-Indonesian relations and U.S. attempts assist Indonesia strengthen her economy.
5. Accordingly U.S. hopes Indonesian Government will prevent or divert shipment to avoid violation UN embargo.

Unless you advise immediately to contrary Department proposes call in Ambassador Mukarto and make parallel representations.

Advise.

DULLES

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[1] Neither printed. Telegram 9, July 2, informed the Department of State that the first 200 tons of a reported 6,000 tons of low quality rubber had been loaded aboard the Polish vessel *Pulaski* for shipment to the People's Republic of China. (493.56D9/7-254)

[2] Not printed.

[3] Dated Jan. 14, 1953, not printed. (456D.9331/1-1253)

No. 275

493.56D9/7–354: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET PRIORITY WASHINGTON, July 3, 1954—12:14 p. m.

16. Pursuant Deptel 13[1] Baldwin[2] called in Mukarto 9 a. m. Saturday[3] and made statement including numbered points reftel. In addition mentioned problem serious adverse publicity detrimental United States-Indonesian relations if UN embargo broken. Major stress placed on fact would be *first* violation UN embargo and would seriously undermine principle collective action and prestige UN.

On personal basis Baldwin contrasted smallness Chinese Communist market with that of United States. Baldwin also stressed belief we would be less than friendly if we failed inform Indonesian Government fact we are bound by our legislation if UN embargo knowingly violated and would additionally be under strong domestic pressures.

Mukarto denied knowledge *Pulaski* shipment but said if true Indonesian Government decision would have been result serious consideration and "based on national interest". He emphasized deteriorating economic situation and enormous pressures on Government seek additional outlets Indonesian rubber. He declared despite recent three cent rise price rubber, terms of trade still seriously adverse Indonesia compared prewar.

Declaring he personally adhered to policy he had pursued as Foreign Minister in opposing such shipments, Mukarto said he would cable his Government immediately. He felt however best way accommodating internal pressures would be to permit small number small shipments permitting Indonesian people become convinced smallness Communist Chinese market and inadequate returns. Mukarto stated he understood United States policy designed prevent large-scale shipments.

Baldwin replied difficulty closing door to trade once opened and that what involved would be principle violation UN embargo, adding that United States Government would be bound by its legislation in such event.

Mukarto said he hoped United States would not take strong measures against Indonesia, pleading newness independence and fact people had to be educated slowly and carefully for democracy.

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[1] *Supra.*

[2] Charles F. Baldwin, Economic Coordinator for the Bureau of Far Eastern Affairs.

[3] July 3.

He declared firmly any measures or statements which could be interpreted by either Indonesian Government or public as "interference in Indonesian affairs" would have completely perverse effect. He advised careful "psychological approach" which would stress a) UN angle b) United States difficulties and desire continue help and maintain cordial relations c) United States appreciation Indonesian situation. He recommended American Ambassador make such approach not only Prime Minister but President and Vice President who greatly influence Government decisions.

In addition seeing Prime Minister, unless you perceive objection, you should discuss matter with President and Vice President.[4]

DULLES

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[4] Ambassador Cumming replied on July 7:

"Final paragraph Department 16. I feel it inadvisable for present to take matter up with Sukarno. However, I have undertaken through secure channels to get full story to Hatta who is now in Sumatra." (Telegram 42; 493.56D9/7-754)

No. 276

493.56D9/7-554: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET PRIORITY DJAKARTA, July 5, 1954—9 p. m.

27. My telegram 24.[1] I saw the Prime Minister this morning and as instructed in Deptel 13,[2] I told him that I thought it would be most useful if he could give me a clarification of press reports both in Indonesia and abroad that Indonesia was contemplating sale of rubber to Red China. I said that I was reluctant to believe that these stories were correct and suggested to him that since a Polish ship was involved that perhaps rubber was in fact destined to Poland to which country Indonesia rubber had been shipped for sometime past. I made the five points outlined in Deptel 13, and based my presentation on the advice given Baldwin by Mukarto (Deptel 16).[3] Ali, who spoke very quietly and in a friendly way during the entire conversation, said that he would "look into the matter" and added that he assumed from my manner of presentation that in mentioning the Battle Act I was not "threatening Indonesian Government". I replied that he was quite correct, but that if

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[1] Dated July 3; it informed the Department of State that Cumming had arranged to meet the Prime Minister on July 5. (493.56D9/7-354)

[2] Document 274.

[3] *Supra.*

the press reports were true our friendly feelings towards Indonesia required that we inform him as Prime Minister of the content of our domestic legislation which had as its primary aim the support of the United Nations, a principle to which his government as well as he personally thus far had given unwavering support despite the economic cost.

There followed a 45-minute conversation which might be summarized as follows:

While never admitting directly that Indonesia planned to send rubber China, Ali said that he was in dilemma: On the one hand, 10 million Indonesians were dependent upon exports of smallholder rubber, markets for which were difficult to find; on the other hand he was faced with adverse of American reaction and possible invocation of Battle Act plus being charged with breaching UN embargo—with respect to latter he quoted that Indonesia had abstained in the vote on the resolution. With respect to invocation of Battle Act he said he found it difficult to believe that in weighing relative strategic importance to the US of a few small shipments of low grade rubber to China against deterioration of Indonesian-US relations we would not (a) sympathize with Indonesia's economic and financial situation and therefore (b) exercise discretion which he said he thought was permitted by Battle Act. On the American aid question he said that our technical assistance had been much appreciated and had been helpful to Indonesia but that its volume was not sufficient for it to be missed if withdrawn. Over and over again he referred to his desire improve US-Indonesian relationships which had "deteriorated or at least lost their warmth" during past 3 and ½ years but balanced against this his duty to look after economic interests of his 10 million smallholders.

I told the Prime Minister that I felt that my government also wished to maintain as warm as possible relations with Indonesia and that I was prepared at any time to transmit any suggestions to that end that he might have in mind as well as any possibilities that might be explored for assisting Indonesia within the limits imposed on us by other commitments and our own policies and by Indonesia's wishes. He made no reply to this statement but reiterated (a) his intention "to look carefully into the matter of rubber shipments and to let me know results", (b) his plea for understanding by the US of Indonesia's difficult economic and financial position and (c) his hope that we would find an area for the exercise of executive discretion in application of Battle Act should some shipment take place.

Comment: Pulaski is still in the stream off Tandjong Priok and loading very slowly (about 200 tons per day with no loading yesterday). This fact together with care Ali took not to acknowledge any detailed knowledge of any transaction with China leads me to believe that such a transaction is in fact under consideration but that he is dragging out implementation as long as possible to test US reaction, to improve bargaining position during current trade and prospective dual nationality negotiations with Red China, perhaps to induce offer of financial and economic assistance by US, and at same time trying not to go so far so quickly that he cannot reverse his course of action if necessary.

Regardless of the foregoing I cannot escape the conclusion that Ali is fully prepared to face up to the consequences of rubber shipment to China if that should be his final decision and that for some time past his intentions to take such a decision has been firming. I also believe that he is banking very strongly on the possibility that the US will not take any retaliatory action under Battle Act because of adverse affect on public opinion in Indonesia and Southeast Asia.

I urge that there be no publicity on the representations to Mukarto or to Ali and Indonesian Government be given reasonable period for digestion. I think publicity-wise the situation can best be handled by carefully planned and not too obviously inspired press comment which would not close door to a possible reconsideration by Ali without loss of face.

If the shipment should take place and if after careful weighing of the pros and cons US Government should decide to terminate aid program Indonesia, I urge that this be done in such a way (if legally possible) as to make quite clear that aid can and will be resumed if desired by Indonesia whenever prohibited trade with Red China ceases. This will not in any way mitigate the to be expected virulence of Communist and Nationalist propaganda testament of our action but might give opposition parties basis for attacks on PNI government. In this connection worth noting that since recent opening of trade negotiations with China opposition press has counselled against trade with China and violation UN embargo.

CUMMING

No. 277

493.56D9/7-554: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, July 9, 1954—8:31 p. m.

39. Department troubled by Ali statement your 27[1] he would find difficult believe we would not exercise discretion he thought permitted by Battle Act. If statement not directly denied, Indonesians may assume silence is agreement and proceed shipment untroubled

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[1] *Supra.*

by possible U.S. reaction. If we were grant Indonesians exception after first bringing great pressure avoid shipment, Indonesians will regard U.S. as having been bluffing with consequent great damage U.S. prestige and adverse effect on future U.S. representations other subjects:

Question application Battle Act this instance is without clear precedent since this would be first violation UN embargo. U.S. has not terminated aid any country because Battle Act violation. Previous exceptions granted pursuant Section 103(b) involved trade European Communist countries.

Consideration further complicated by facts:

(1) Rubber not explicitly included UN resolution (and is only Title II Battle Act Commodity) and Indonesia could technically avoid violation by withdrawing its certification to UN of rubber as commodity falling under embargo. At time certification Indonesians reserved right revise list of items; and

(2) Difficulty convincing Asians that maintenance CHINCOM controls fully justified despite probable relaxation COCOM controls.

To considerable extent however U.S. decision on present case would involve question U.S. objectives Indonesia. Accordingly in order assist evaluating action U.S. should take in event rubber shipment made Communist People's Republic, Department would appreciate your views and your estimate of:

(1) Likely extent further deterioration Indonesian economy reported your 31[2] and political implications thereof;

(2) Possibility internal pressures caused by such deterioration would bring in even less friendly government;

(3) Possibility additional U.S. aid might help forestall this contingency; and

(4) Effect invocation Battle Act might have increasing likelihood unfavorable developments under (2) above by increasing pro-communist influence while same time preventing U.S. from ability resort possibility (3).

Also desire political estimate whether invocation Battle Act would strengthen Ali in Parliament and increase Communist influence or cause fall cabinet with (a) Sukarno naming Executive Cabinet or succession by (b) less-friendly parliamentary cabinet or (c) more friendly parliamentary cabinet.

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[2] Dated July 6; it concludes as follows:

"Unless country can further pare budget expenditures, organize move effectively against corruption and smuggling, cease special import and export permits, worsened exchange position could effect such reduction foreign trade as to threaten internal financial stability and major segments of country's economy." (856D.10/7–654)

If in your opinion Indonesia irrevocably committed *Pulaski* shipment to Communist China do you believe possibility they would be prepared give commitment that no shipments beyond that of *Pulaski* would be made.

In response Indonesia's suggestions that U.S. might exercise discretionary authority under Battle Act you may wish make clear it is mandatory under the law take such action as is necessary carry out the intent of Congress.

DULLES

No. 278

S/P-NSC files, lot 62 D 1, NSC 171 Series

Memorandum by the Executive Officer of the Operations Coordinating Board (Staats) to the Executive Secretary of the National Security Council (Lay)

TOP SECRET WASHINGTON, July 12, 1954.

Subject: Transmittal of Progress Report on NSC 171/1 (Indonesia).

References: (1) NSC Action No. 962.[1]
(2) Memorandum from the Executive Secretary, NSC, dated November 20, 1953.[2]

On November 20, 1953 the President approved NSC 171/1, "United States Objectives and Courses of Action with Respect to Indonesia" and designated the Operations Coordinating Board as the coordinating agency.

Attached hereto is the progress report on implementation of NSC 171/1, covering the period through May 31, 1954. The report was approved by the Operations Coordinating Board on July 7, 1954.

With reference to Para. C. 2 of NSC 171/1, viz., increasing the training of Indonesian military officers in U.S. military schools, the OCB agreed that the Defense Department will endeavor to finance the trainees and that other agencies, directly or indirectly interested in this problem, will see if they can assist.

On July 7, 1954, subsequent to the date of the progress report, the Operations Coordinating Board also noted and discussed recent intelligence that the Polish ship *Pulaski* has loaded in Djakarta 200 tons of an estimated 6000 ton rubber purchase with the apparent intention of proceeding to Communist China in violation of the UN embargo. The Department of State called in the Indonesian

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[1] See footnote 7, Document 254.

[2] Document 255. It transmitted NSC 171/1 to the NSC.

Ambassador on July 3 and our Ambassador in Djakarta is making representations with the Prime Minister and possibly the Vice-President in an attempt to persuade the Indonesian Government to prevent or divert the shipment. The Operations Coordinating Board noted that this matter is presently being handled through diplomatic channels.[3]

ELMER B. STAATS

[Attachment—Extract]

JULY 1, 1954.

PROGRESS REPORT ON NSC 171/1 UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO INDONESIA[4]

(Policy approved by the President November 20, 1953)

A. SUMMARY OF MAJOR ACTIONS

Limited progress has been made in implementing the courses of action set forth in NSC 171/1, as follows (paragraph references are to Annex A):

(a) Agreement to purchase tin under the third year of the RFC-Indonesian contract and announcement of U.S. policy withholding from world markets tin in excess of stockpile objectives (para. 20b).

(b) Agreement on an FOA project for training and equipping the Indonesian Police (para. 26).

(c) At the Indonesian Government's request, supplying ample anti-Communist legislation (para. 15).

(d) Opening negotiations on an Information Media Guarantee Program (para. 27).

(e) Opening negotiations on a Treaty of Commerce and Navigation (para. 23).

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[3] At the NSC meeting on July 15, in connection with consideration of NSC 5417/2, "U.S. Rubber Policy" (for text, see vol. I, Part 1, p. 1226), mention was made of the reported shipment of Indonesian rubber to the People's Republic of China. President Eisenhower observed that he thought it would be a first-rate idea to have Indonesia sell its low-quality rubber to Communist China and then commented that it would be best for the United States to turn its "blind side" to the transaction. (Eisenhower Library, Eisenhower papers, Whitman file)

[4] In a memorandum dated Sept. 28, Staats informed the Operations Coordinating Board that the progress report was used by the NSC as a basis for discussion of NSC 5429/2, "Review of U.S. Policy in the Far East", on Aug. 12 and 18; for text, see Part 1, p. 769. At the Aug. 12 meeting (NSC Action No. 1204), the NSC reaffirmed the policy on Indonesia contained in NSC 171/1, subject to the changes made in paragraphs 19 and 21 (as set forth in paragraph 12 of NSC 5429/2). (OCB files, lot 62 D 430, "Indonesia")

(f) Preliminary discussions on, and study of the feasibility of furnishing U.S. officers under individual contract as instructors in the Indonesian Army (para. 26).

(g) Preliminary discussion of a state visit for President Sukarno in 1955 (paras. 12 and 18).

(h) Improved conditions with respect to the U.S. technical assistance program (Indonesian financial deterioration impedes progress of the program) (para. 22).

(i) Increased training for Indonesian Army officers in U.S. military service schools (para. 26).

(j) Carrying out and strengthening informational activities (para. 27).

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Only limited action has been possible with respect to rubber (para. 20a).

No solution favorable to the U.S. of the Dutch-Indonesian dispute over New Guinea has been found. An attempt has been made to discourage Indonesian action which would bring the New Guinea issue into the UN (para. 25).

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No. 279

493.56D9/7-1254: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, July 12, 1954—5 p. m.

72. Deptel 39.[1]

1. I fully realize dilemma posed by possible Indo rubber shipment China. Of one thing I feel certain, however, and that is invocation of Battle Act, should rubber in fact be shipped, will on balance obstruct the attainment of our objectives Indonesia. Our primary objectives are to stem any drift of Indonesian policy away from one of "independence" toward the Soviet bloc, to slow down and ultimately to turn back slow Communist influence within the government, and in the long run to deflect Indo policy towards a voluntary understanding and support of the US position in world affairs. Termination of our aid program would not only, I think, be used against us by the anti-American elements in Indo—and they are not all

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[1] Document 277.

Communist—but would for at least a measure of time distress our friends and weaken their quiet but nonetheless influential efforts to reduce Communist effectiveness even if they cannot orient Indo policy immediately in our direction. Termination of our barely begun program of assistance to the national police, a program agreed to by Ali not without, I am sure, considerable soul-searching, would alone be severe setback.

2. I am quite certain that Ali understands very clearly that shipment of rubber to China would involve mandatory consideration such action under pertinent provisions Battle Act. (Two days after my call on him the Foreign Office asked Embassy for full text of all provisions US law this point.) However, I was very careful in my conversation with Ali not to emphasize that "mandatory consideration" necessarily meant termination of aid as I wished to reserve for Department the fullest freedom of action in this respect. This did not in my opinion detract in any way from the earnestness of my representations. I entirely agree with Department that we cannot afford to bluff.

3. With regard to questions posed paragraph 4, reference telegram:

(a) I consider it likely that Indo economy will continue to deteriorate but that for at least some months resulting political repercussions will not in themselves be of sufficient strength to jeopardize position Ali government nor do I yet see any early basic revision of Indo policies and practices which have led them into their present economic and financial plight. I am not in position to estimate what effect current Indo-Dutch negotiations will have. For further discussion this point see latter portion my telegram 1533.[2]

(b) At this time I do not feel that such internal pressures as may be caused by economic deterioration will bring into power an even less friendly government; nor do I believe that for some time at least Masjumi or PSI would want to bring down Ali government and themselves fall heir to the present economic and financial mess.

(c) Unless "additional US aid" means substantial economic aid or a liberal loan in line of credit, I do not believe increased US aid could have any immediate effect in reversing current economic trends as these are due primarily to unsound policies.

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[2] Dated June 24; in it Ambassador Cumming expressed the view that the Ali Cabinet would probably not fall in the next 6 months over the issue of the deteriorating economic situation. He also felt that the extension of direct U.S. aid would help the Ali government but, on the other hand, withholding the aid would not seriously shorten the life of the government. Furthermore, any offer of U.S. aid, while it might be accepted, would almost certainly be interpreted as an effort to buy Indonesian support and sympathy in the cold war and would probably make the Ali government less rather than more inclined to put its economic and financial house in order. (398.13/6-2454)

(d) See paragraph 1, above. Furthermore, Battle Act invocation would be regarded by many Indos of all political shades as proof our aid program primarily bribe to bring Indonesia into our camp in cold war. While it is possible that Battle Act invocation might lead Indos to strengthen economic ties with Eastern bloc, I believe more likely Indos would attempt fill vacuum by increased calls upon UN and Colombo plan technical assistance.

4. With regard antepenultimate paragraph reference telegram, I believe invocation Battle Act would strengthen position Ali government. Pro-government press and politicians would praise Ali for courageous implementation independent foreign policy and strongly nationalist emotions aroused by termination US aid would make it difficult for moderate elements both in government in opposition to criticize Ali government decisions ship rubber China. Initially moderate voices would have to be small and hesitant and could not make themselves heard unless and until Ali policies and resultant termination US aid really hurt.

5. Re penultimate paragraph reference telegram, I am inclined against asking for a commitment that no shipment other than that of *Pulaski* be made. This would remove all doubts which I am sure are currently troubling Ali about advisability of first shipment.

CUMMING

No. 280

493.56D9/7-1354: Telegram

The Acting Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, July 13, 1954—7:30 p. m.

48. Department concurs proposal last paragraph your 83.[1] Should it seem appropriate you may find some of following useful.

Indonesian responses U.S. representations re sale rubber China have stressed alleged difficulty finding markets Indonesian rubber especially smallholder your 27 para. 2.[2] This allegation contrary facts known almost every rubber trader New York. Leading New York purchaser Indonesian rubber indicates very substantial purchases occurring October to mid-June have been reduced because rubber not available. During last few weeks there has been extreme difficulty locating Indonesian rubber for sale. Furthermore some Indonesian national firms have defaulted on contracts for substantial amounts rubber thus causing serious financial loss American firms required buy cover their sale commitments. Understand situation further complicated by Indonesian Government action prohibit export slab and recent order prohibit export to Singapore of crepe, 1, 2, 3 RSS, 1, 2, 3 estate browns, flatbark, 3 and 4 ambers. Can Embassy confirm whether such embargoes established?

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[1] The last paragraph of this cable, July 13, reads as follows:

"I am trying to see Ali within the next two days primarily introduce Jones at which time I plan take up few other minor matters and in addition unless instructed otherwise will use that opportunity to draw out Prime Minister on rubber subject." (493.56D9/7-1354)

[2] Document 276.

Quantity smallholder rubber coming to U.S. very much reduced and American rubber importers mystified where rubber being sold, why Indonesia complaint re market because prices high and favorable and activity great.

If Indonesia artificially restraining rubber exports or if Indonesia accumulating rubber for sale China or if Indonesia making rubber exports almost impossible as result license exchange other regulations only net result will be substantial increase use synthetic by American industry and more interest in synthetic by European industry. From standpoint rubber market it appears Indonesia exerting maximum effort jeopardize its competitive position as major rubber supplier.

Point is during past year American manufacturers have swung heavily from synthetic to natural but will swing back if continued supply natural not available. Such conversion to synthetic might tend to be more or less permanent if there were real doubts as to Indonesian rubber availability.

Technical factors make it possible U.S. manufacturers use large tonnage either synthetic or smallholder lower grades. Market these lower grades does not exist elsewhere for technical reasons.

Should Embassy wish use any foregoing in talk with Ali or others it should of course make clear these simply technical facts rubber industry and should avoid any implication U.S. threat.

SMITH

No. 281

493.56D9/7–254: Telegram

The Acting Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, July 13, 1954—8:01 p. m.

50. For Embassy's background information and guidance.

Further reference Department's 13 and 39[1] possible application Battle Act. Indonesia rubber shipment Communist China would as stated Department's 13 be judged under Section 203. President in determining whether Indonesia "not effectively cooperating" would consider entire situation including last sentence Section 101.[2]

Should President after considering all factors decide that Indonesia's degree of cooperation is adequate for purposes this section of Act the aid could continue and no public announcement would have to be made. Notification to House and Senate would in such event not be required, although it may be desirable sometime in future.

SMITH

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[1] Documents 274 and 277.

[2] The sentence under reference reads: "This Act shall be administered in such a way as to bring about the fullest support for any resolution of the General Assembly of the United Nations, supported by the United States, to prevent the shipment of certain commodities to areas under the control of governments engaged in hostilities in defiance of the United Nations." (65 Stat. 645)

No. 282

493.56D9/7-1654: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET PRIORITY DJAKARTA, July 16, 1954—6 p. m.

113. Joint Embassy-USOM message. Following Jones' arrival we have undertaken a joint re-examination of the whole situation created by the prospect of Indonesian rubber sales to Red China. We are agreed that the considerations set forth in my telegram 72 [*27*][1] are still valid. Deptels 39 and especially 50[2] encourage us to believe that Department and FOA/W share our view that if at all possible we should avoid taking a position ourselves from which there could be no retreat and which would force us to halt US aid to Indonesia if the *Pulaski* actually sails to a Red Chinese port. The following thoughts are predicated on this assumption and on the further assumption that some initiative should be taken by our side to assist the Indonesians from taking a position from which they cannot recede.

It will be clear to Department from my reports of the past few days that practically all political elements (there have been only three Indonesian newspapers which have expressed the contrary position) are already reacting unfavorably to what the press terms "punishment" by US for violation UN embargo—and all this even before any rubber has actually been shipped. This attitude is accentuated by fact that same rubber can be shipped to Soviet Union and Soviet satellites and even to Red China itself via Soviet and satellite ports. The Indonesians are also well aware (as stated in Deptel 39) of current moves towards relaxation COCOM controls. Up to now (and I labor the point that so far we have no specific evidence that a final decision has been made in this matter) the Indonesians have loyally supported UN embargo. Apparently they think they are now reaching the end of their rope: domestic considerations; the example of Ceylon; cessation of actual hostilities in Korea; a confused idea of what an "independent policy" calls for; and perhaps the desire to throw an anchor to windward in view of Communist successes in Indochina; perhaps even the feeling that US differences with its British and French allies weaken the US position—all these factors must, I think, be influencing the thinking of Indonesian Government leaders and even opposition leaders.

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[1] Document 276.

[2] Document 277 and *supra*.

Assuming it is in the over-all interest of the US to try to adopt such course of action as will obviate the necessity for termination of aid, Embassy and USOM recommend for consideration the following:

We believe that rather than let the situation continue to drift until some climax is reached disadvantageous to both Indonesia and ourselves, we should take the initiative in seeking to establish a climate conducive to a realistic study of what is after all a mutual problem. Rightly or wrongly Indonesians share with many other Asians a belief that the US does not take into account their problems and their point of view in the same way that they think we do with our European friends. If we can discuss this rubber problem with them frankly and confidentially we will at least have done what we could to impress upon them that we do wish to try to understand their viewpoint and that given time and opportunity and their confidence we will do our best to arrive at a solution not unfavorable to their interests.

In other words our proposal is to discuss the entire matter with the Prime Minister in a cooperative, helpful manner but one designed to bring about solution of the matter in accordance with our views; that is if possible to induce the Indonesian Government to stop the shipment. It should be remembered Indonesian Government has not yet admitted ship's destination is Red China; that Prime Minister is "looking into matter"; and he has easy out if he wishes by diverting shipment to Polish port.

Jones and I are seeing Prime Minister 9 o'clock Monday morning[3] and we would like direct our discussion in the foregoing conciliatory vein unless events have overtaken us. So as not to commit the Department or FOA I would prefer to develop the discussion "personally and on my own initiative".

I think that time is of the essence if we are not to lose the possibility of an initiative made in face of the rising tide of adverse press treatment.

If I do not receive word from Department to the contrary I will proceed along foregoing lines.

CUMMING

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[3] July 19.

No. 283

493.56D9/7-1654: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET PRIORITY WASHINGTON, July 17, 1954—2:11 p. m.

72. Department has no objection proposed conversation Ali your 113.[1] You will of course avoid any intimation (1) line of action US would take in event Indonesians ship rubber Commie China; and (2) US reconsidering policy inclusion rubber UN embargo.

Agree joint discussion and realistic study of Indonesia rubber industry highly desirable providing such study does not degenerate into debate merit UN embargo and Battle Act. Among points US should make are those Deptel 48.[2] As evidence US genuinely sympathetic Indonesians' rubber problem you may wish cite statement US Delegate Colombo that "US Government willing sympathetically consider in cooperation other interested countries possibility assisting natural rubber-producing countries improve efficiency natural rubber industry" (Deptel 324 to Colombo).[3] Indonesians may be advised US did not make this statement lightly and US would be interested Indonesian proposals for specific implementation.[4]

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[1] *Supra.*

[2] Document 280.

[3] Not printed. Reference is to the meeting of the International Rubber Study Group at Colombo in May 1954.

[4] On July 19, the Department of State sent the following message to Djakarta:

"For Embassy's information and guidance only.

"Further reference point mentioned last sentence second paragraph Department's 72. Approved in principle as US Government policy as partial contribution solution rubber problem Southeast Asia particularly Indonesia are:

Continued

In this connection you may wish point to 1) large-scale rubber replanting program undertaken in Malaya where, according to our best estimate, estates have replanted some 300,000 acres since 1946, that a program for replanting 500,000 acres small holdings has been launched and that small holdings acreage reported at end 1952 was over 225,000 acres greater than at end 1947; and 2) to fact that Indonesia will be placed in highly disadvantageous competitive position within relatively few years unless prompt and effective action taken improve efficiency Indonesia rubber production and marketing.

DULLES

"1. Extending grants surplus agricultural commodities. Proceeds from sale thereof to be used improve production and marketing natural rubber.

"2. Extending grant assistance or long-term loans where feasible in association with other countries to improve production and marketing natural rubber.

"This policy approved subject development feasible integrated program and estimate general cost magnitude." (Telegram 80; 490.56D9/7-1954)

This policy was contained in NSC 5417/2, "U.S. Rubber Policy", approved July 16; for text, see vol. I, Part 1, p. 1226.

No. 284

493.56D9/7-1954: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET PRIORITY DJAKARTA, July 19, 1954—2 p. m.

126. Re Deptel 72.[1] Saw Prime Minister alone after presenting Jones. He told me that according to his information *Pulaski* rubber cargo destined to London; "I have no knowledge of nor responsibility for destination of rubber beyond London".

I then went on to say that, speaking personally and not under instructions but with the knowledge of my government, I thought it would be very useful if Indonesians and Americans could sit down for a private and frank discussion of Indonesia's rubber problems. I sketched in non-controversial way points mentioned Deptel 48.[2] Prime Minister entirely agreed that a discussion would be useful and said that he wished that something of the sort could have been undertaken two years ago when he says he made such a suggestion while Ali in Washington. He said that it was important from Indonesia standpoint that such discussions in no way take the direction of restrictions on Indonesian "freedom of action to trade wherever she thought her interests lay, just as we are maintaining a very independent line in trade negotiations with China."

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[1] *Supra.*

[2] Document 280.

I said that naturally I did not envisage such discussions branching out to include American domestic legislation such as Battle Act or recession from position already taken by US and as, for example, with regard to rubber stockpiling.

Prime Minister agreed that Jones could explore general subject in his conversations with Djuanda which will include new look at entire aid program. He thought that such conversations might also lead to Indonesian suggestions for implementation statement US delegates Colombo, which Ali appears not to have taken seriously until I brought it to his attention this morning.

Jones and I will have further recommendations to make later.

CUMMING

No. 285

493.56D9/7–1954: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET PRIORITY WASHINGTON, July 24, 1954—2:31 p. m.

111. Embtel 126, paragraph 1.[1]

1. For your information Battle Act Administrator opinion that issuance of an export license by Indonesian Government for shipment of rubber to an Eastern European Soviet bloc country would not trouble us as much regardless of fact that CNIEC was buyer and broker paying sterling for goods. Would be much more troubled by shipments "marked for London" which in fact delivered Commie China because that would involve subterfuge which would be exposed by reports of all kinds.

2. Several reports suggest dissension Indonesian Government which might affect destination rubber aboard *Pulaski*. Possibility also seems exist that Commie China buying rubber in effect as purchasing agency Eastern Europe using rubber as payment to Eastern Europe on trade and financial agreements and at same time permitting Commie China establish illusion in Southeast Asia that Communist China is large industrial consumer and power with additional advantage Communists this device would be help break UN embargo. If true would be helpful prevent this illusion being built up Indonesian popular mind and any disagreement between

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[1] *Supra.*

Indonesian Government and Chinese Commies re destination would obviously be our advantage.

Department recognizes however probability Indonesian Government may have very little room left influence decision. Nevertheless in pursuance line taken para 1 Embtel 27[2] if in your final judgement (1) *Pulaski* rubber is definitely going to be shipped, (2) it is clearly not going to be shipped non-Communist country, and (3) Indonesian Government may be able influence or willing try to influence decision shipment as between Commie China and Eastern Europe, you are authorized at your discretion and through whatever channel you believe appropriate advise Indonesian Government of as much of para 1 above as you believe may be useful.[3]

DULLES

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[2] Document 276.

[3] Subsequent correspondence indicates that the points in telegram 111 were not specifically taken up with Prime Minister Ali. In telegram 200, July 30, Ambassador Cumming stated that he had inquired again about the rubber shipment, but not with Ali who was busy with other matters. A notation on telegram 162 to Djakarta, Aug. 3, indicated that no opportunity had presented itself to make the points mentioned in telegram 111. Then, on Aug. 4, Ambassador Cumming informed the Department in telegram 218 that the Foreign Ministry, in response to his approach reported in telegram 200, had replied in writing that after checking with the Ministry of Economic Affairs it could reiterate that the rubber shipment was destined for London. The Foreign Ministry pointed out that this confirmed the position that Ali had taken in his previous conversation with Cumming, as reported in telegram 126, *supra*. (400.56D9/7-3054; 493.56D9/8-354; 400.56D9/8-454)

The Embassy in Djakarta informed the Department that the *Pulaski* finally departed Indonesia on Aug. 17 with London as its reported destination. (Telegrams 273, Aug. 16, and 306, Aug. 20; 493.56D9/8-1654 and 493.56D9/8-2054)

No. 286

756D.5 MSP/7-2854: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, July 28, 1954—10 a. m.

177. Limited distribution. Joint Embassy-USOM message. Depcirtel 50.[1] Jones and I have thoroughly discussed questions raised in reference telegram and transmit following summary of our present thinking, recognizing it may be subject to some adjustment

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[1] Dated July 22; it requested the Embassy's opinion on the extent to which a program of expanded economic assistance, maximizing Asian participation, and designed primarily to stimulate economic development, would strengthen the ability and willingness of the free Asian countries to resist Communism. (Djakarta Embassy files, 501.1 AID)

and supplementary comment after receipt of Robertson letter of July 20.[2]

In general our reply to basic question is strong affirmative, recognizing (a) considerable differences existing between various categories of Asian countries as to willingness to utilize aid to further US objectives re checking spread of communism; (b) that economic assistance per se is not necessarily a panacea for communism and that friendship cannot be bought with dollars; and (c) that in some Asian countries at least economic aid should have no political strings attached, although sound fiscal policy and administration should ever be an objective (and these we do not have in Indonesia).

We can safely assume that Japan, Korea, Formosa, Philippines, Thailand would use both military and economic assistance to strengthen their resistance to communism, both externally and domestic. On other hand, as we see situation from Djakarta, India, Burma and Ceylon are prone to be tolerant to communism as way of life in nearby states, refusing to recognize potential exterior threat of Soviet-Sino communism while taking relatively severe measures to suppress and eradicate communism from within. Indonesia under its present Cabinet for moment seems unwilling to do either without equivocation.

Technical assistance and economic aid programs cannot be effective in this part of world if designed to remake country in our own image. They must be genuine offers of financial assistance during a period of crisis or of technical assistance to enable more efficient and effective accomplishment host country's own objectives to extent consonant with our interests and objectives. Such programs manifestly make positive contributions to economic progress, and wisely handled, help promote improved relationships between US and host country, tending to offset Communist exploitation as direct and indirect contacts of population with programs increase. Programs of training, development of economic resources, productive capacity and improved trade provide these countries with tools and know-how, but, above all, hope and confidence in future. This is especially true in Asian countries like Indonesia, where suspicion already exists even in non-Communist circles that US is trying to buy support against communism and where such support simply is not directly for sale.

In Indonesia, for example, deteriorating economic and financial position makes it desirable from both standpoint of Indonesians and US that additional aid be provided. Yet Indonesians, we are convinced, would rather do without aid than sell or even open the door to charges of selling their "independent foreign policy". Again, this does not mean they are Communist-oriented. Yet for US to refuse to consider aid except on conditions a neutral-minded, uncommitted, country could not accept would, we firmly believe, be playing into hands of enemy. In saying this we do not intend imply that offer of aid to Indonesia should necessarily be extended at this time; thinking outlined mytel 577,[3] also to mytel 1448,[4] still stands.

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[2] Not printed. In an attached memorandum, it spelled out in further detail the reasoning behind and the questions raised by the proposal outlined in the circular telegram. (Djakarta Embassy files, 501.1 AID)

Nevertheless, continuing review of situation here considering combination of factors, political, financial and economic, external as well as internal, which have been spelled out in reference telegrams, have forced us to conclusion that time will come, perhaps within months when US interest would dictate substantial additional assistance to this country. We strongly urge, therefore, that steps be taken to firm up policy decisions so action may be taken promptly if, as and when deemed desirable. Such aid, if it is to halt deterioration of Indo financial and economic position, must needs be on completely different order of magnitude than past technical assistance programs. We would urge that consideration be given to establishing a sizeable reserve fund for Indo aid, such to be granted in manner and at time when greatest political capital could be obtained.

For time being, however, any substantial expansion of economic aid to Indonesia might tend to strengthen present coalition although in considering timing and nature of increased US aid we should consider possibilities that successor government might be less, as well as more, favorably disposed to closer ties with US than present government. Indo proclivity to regard US assistance as cold war maneuver rather than sincere effort to assist in improving economic conditions should also be taken into consideration in considering form and manner in which additional aid should be offered.

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[3] Dated Dec. 4, 1953; in it, Ambassador Cumming had stated: "I repeat what I have said before: badly as Indonesia needs financial aid, I cannot recommend that our government either grant such aid through its own agencies or encourage its provision by private investors until the Indonesians have put their own house in far better order than it now is or have given concrete evidence of intention to do so. And this, of course, includes real and substantial improvements in foreign investment climate." (756D.5 MSP/12-453)

[4] Dated June 9; it reads in part:

"Without underestimating adverse influences of external factors over which Indonesia has little control (drastic fluctuations of market prices for Indo exports) and other understandable tribulations of this new country, I feel that substantial share of blame for present financial plight is attributable to irresponsible policies of present ministers. I believe that very considerable direct and indirect losses of exchange have occurred and are still occurring as result of government's preoccupation with hyper-nationalism and temporary partisan advantages to exclusion of considerations of such corrective policy." (398.13/6-954)

If such reserve could be established it could also be drawn upon if, as and when special programs in special fields appear to be desirable—for example, special smallholder rubber program discussed in following telegram.[5]

Turning to organizational aspects of expanded Asian economic aid programs, time may now be ripe to propose some form of economic association of Asian States, entirely disassociated from military organization, modelled perhaps on OEEC. We are convinced undesirable to tie our hands by limiting to SEATO countries. It will be recalled that OEEC provided the first friendly table after war around which Germans could sit and discuss mutual problems with their former enemies. It may be that this pattern holds something for Asia and if so every effort should be made to obtain participation by all Asian countries, including Japan, Korea and Formosa. Although this apparently impracticable in area of military association at present time, trade and economic development may provide sufficient mutual interest for cooperation, especially if sparked by substantial US aid. In any event, vigorous efforts should, in our opinion, be exerted in this direction. We do not believe that ECAFE, because of Soviet participation, can meet our and Asian needs any more than its Geneva counterpart could meet European needs for same reason.

Whether Indonesia could be attracted into such an association remains to be seen but we think it worth trying. If India and Burma could be brought in, Indos while not slavishly following Nehru's lead probably would not want to be isolated from joint concern which India and Burma saw fit to join; otherwise unquestionably not.

Following conclusions summarize our thinking:

1. Expanded Asian aid program desirable.
2. Such program should be funneled through economic (not military) regional organization, if possible, and aid should be used as lure to accomplish purpose.
3. Aid for Indonesia should not be expanded substantially at present time but provision should be made for expansion in certain areas such as smallholder rubber.
4. A substantial reserve fund should be established for expanded program of aid to Indonesia which could be drawn upon promptly when combination of economic and political factors clearly indicate time is ripe.

CUMMING

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[5] Reference is to telegram 180, July 28. (856D.2395/7-2854)

No. 287

756D.11/7-2854: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, July 28, 1954—2 p. m.

183. Mytel 161.[1] President received me very cordially this morning. Said he had heard I was going to US on leave and wanted to be sure of seeing me before I went. He was pleased that I had planned to stay Djakarta until after Independence Day celebrations August 17, remarking that my absence would have been noted by anti-American press, and adding "I personally am very sorry your British colleague is going on leave before August 17".

Sukarno said he could not order American Ambassadors around but if I had been called home on consultation about this time, he would have found some means to suggest to me the advisability of trying to explain the Indonesian scene in person. He said that his job and he thought mine also was complicated by such items as appeared in the July 19 issue of *Newsweek* saying that Indonesia would be the next target of Communist aggression. He said that only foolish people or Communists could believe that the cease-fire in Indochina meant an end to Communist aggression in Southeast Asia or even more than a temporary halt in the development of such plans as the Communists might have for further advances in Asia. He said "We [*sic*] have now lost Indochina" but that it was not yet Indonesia which was in direct danger but rather all Southeast Asia, more especially Thailand."

Sukarno said he felt that it was now more important than ever that US find some way to appeal to the bulk of Indonesian people and restore high regard Indonesian people had for US until past two or three years. Sukarno said he felt US and American people could be best and most influential friends that Indonesia could have. He wanted to assure me that he was doing all he could consistent with Indonesian independent policy and requirements of his office not only to combat tendencies to regard Communist countries as the real friends of Indonesia but also to explain in private conversations his understanding apparent inconsistencies between American action or rather as he put it, inaction with regard to Irian and American stated anti-imperialism and anti-colonialism. Accordingly he very sincerely hoped that we could make some gesture to recognize legitimacy of Indonesians' claim in Irian. He said he thought he understood thoroughly, although yet he did not agree, the dilemma posed by our alliance with Netherlands and our friendly feelings toward Indonesia but his people, particularly in the rest of the country, did not understand and the Communists were carrying on most active campaign to prevent them from understanding. (Courtesy forbade me observing his own part in whipping-up of Irian campaign.)

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[1] In telegram 161, July 26, Cumming informed the Department of State that Sukarno, recently returned from a trip to the North Moluccas, had sent word that he wished to see the Ambassador on July 28. (756D.11/7-2654)

He asked me bluntly whether we of US Government had ever given the Dutch any form of assurance our support of Dutch claims in Irian and also whether any individuals in American Government as distinguished from government itself advocated Dutch claims to Irian. To the first question I replied in the sense of first paragraph Deptel 846:[2] That while our neutral or hands-off attitude re Irian dispute certainly implied recognition of *de facto* Dutch administrative control of Irian, we had never so far as I knew ever informed either Dutch or Indonesians that we recognized Dutch sovereignty. To his second question I replied that obviously I could not give a comprehensive reply but that I could say that while both sides of question naturally were discussed from time to time in light of American interests, I had not heard any responsible person come out flatly with advocacy of Dutch or Indonesian sovereignty claims; that any persons with whom I talked over the problem felt that, properly handled, a settlement could be finally reached which would be satisfactory.

Referring to Communism in Indonesia, Sukarno said very much what Vice President Hatta said to me a week ago: That he was encouraged by the progress which was being slowly made toward countering the growth of domestic Communist influence; that for example whereas a year or two ago SOBSI was without question "the crowned king of Indonesian labor" he felt that SOBSI influence was now somewhat on the wane and that Masjumi and other non-Communist labor organizations had reason to be more hopeful now than formerly. (*Comment:* I think the President's statement is overly optimistic but I think it worth noting that Hatta should in this respect make same assertion as Sukarno, Prime Minister Ali, Foreign Minister Sunario and some other PNI leaders.)

The conversation lasted nearly an hour and was friendly and calm, the President convincingly expressing his real friendship for US. He especially requested that the President and Vice President be informed of the essence of conversation[3] which he summed up as an appeal to US to find some way—and he thought recognition of Indo-Irian claims the best way—to strike a response from the heart of Indonesian people and thus help him to combat Communist influence and promote understanding and friendship for US.

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[2] Dated Apr. 10, not printed.

[3] The substance of this telegram was transmitted to Vice President Nixon in a letter from Assistant Secretary of State for Congressional Relations Thruston B. Morton, dated Aug. 6. (611.56D/8-654)

CUMMING

No. 288

611.56D/8-354: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, August 3, 1954—5:10 p. m.

161. Limit distribution. Your 183.[1] Considering present U.S. policy regarding Indonesian-Netherlands New Guinea issue. Department reluctant transmit President Sukarno's request for conveying essence your conversation to President without comment and recommendations.

USUN reports Balluseck[2] (Netherlands) said Prince Wan[3] told him Indonesian representative informed recent meeting Arab-Asian group Indonesia definitely plans bring up New Guinea in Ninth GA. This evidence supported by previous reports intent seek UN consideration and evident failure obtain Dutch agreement negotiate issue at present Hague Conference[4] heightens prospects New Guinea issue will be in international forum this year possibly with undesirable consequences such as those outlined our 930,[5] CA 6207[6] and our 4.[7]

Request your evaluation Sukarno's position in context overall analysis Indonesian claim, extent to which that position related U.S. interests and to possible success SEA mutual defense arrangements and your recommendations response, if any, which U.S. should make to Sukarno.

DULLES

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[1] *Supra.*

[2] D. J. von Balluseck, Netherlands Representative at the United Nations.

[3] Prince Wan, Thai Representative at the United Nations.

[4] Reference is to the discussions between Indonesian and Netherlands Representatives on dissolution of the Union; on Aug. 10, an agreement was reached terminating the Union Statute, subject to ratification by both governments (for text, see *Documents on International Affairs, 1954*, p. 172). Western New Guinea was not included as a subject for discussion during the talks.

[5] See footnote 3, Document 270.

[6] Dated Apr. 29, not printed.

[7] Dated July 1, not printed. (656.56D13/7-154)

No. 289

656.56D13/8-554: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, August 5, 1954—5 p. m.

225. Department telegram 161.[1] I regard Sukarno's statement to me a part of his continuing and persistent efforts to leave no stone unturned in seeking US support for Indonesian Irian claim. Statements of Indonesian officials both here and in Washington suggest strongly that general policy instructions have gone out to talk up Indonesian claim and make bid for US support or at least benevolent neutrality. I am certain that anything short of outright espousal Indonesian position would not have any effect at this time on Sukarno and Indonesian attitude either towards SEATO or US, and I have strong doubts that even such espousal if it were made, would to any significant degree at this time further any specific US policy objectives this area although it would produce some warming of Indonesian Government and public opinion towards US.

Department through USUN may now be in better position to estimate likelihood Indonesian effort to place Irian on UNGA agenda. From Djakarta vantage point, however, it does not appear that government has decided yet on the matter. I suspect that Foreign Office, which would be responsible for carrying out affirmative decision, is dragging its feet and counseling against it. Hanifah, the person most likely to prepare a broad groundwork for UNGA effort, is still in Djakarta. Hague negotiations, monopolizing considerable portion Indonesian diplomatic manpower and attention, unlikely to be terminated before end second week in August, and mid-August agenda closing date is fast approaching. At present only PKI and affiliates are calling for UNGA action, and even [garble] of Irian Bureau, Sukarno's direct mouthpiece on Irian questions, is talking vaguely only of working out Dutch-Indonesian differences on Irian within framework "UN Regulations". Placing Irian before World Court may be in back of their minds. Above leads me to believe, therefore, that although final decision has not been reached, scales now weighed against Indonesian effort put Irian problem before Ninth Session UNGA.

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[1] *Supra.*

I feel that no response is necessary or expected. I think that he asked me to pass substance of his conversation to President Eisenhower primarily to give weight to what he said.

CUMMING

No. 290

711.55356D/8-1754

The Under Secretary of State (Smith) to the Secretary of Defense (Wilson)

TOP SECRET WASHINGTON, August 17, 1954.

DEAR MR. SECRETARY: I refer to the Deputy Under Secretary's letter to you dated April 19, 1954[1] concerning Indonesian interest in employing U.S. Army officers as instructors on an individual contract basis. I understand that this matter is being carefully studied by the Department of Defense.

We continue to believe that an arrangement under which U.S. Army officers would be assigned as instructors to the Indonesian Army would, if in response to a specific request, be helpful to the achievement of U.S. objectives in Indonesia even though it might not be in conformity with arrangements we have with other countries on military training. We have had no further discussion with the Indonesian Government about their desire for military instructors, however, and we would not be able to implement any plan in this field in the absence of a firm Indonesian request.

I also refer to the Deputy Under Secretary's letter to you of the same date[2] concerning the Indonesian Government's difficulties with regard to furnishing dollar cost of transportation for Indonesian officer trainees assigned to U.S. military schools and requesting that you explore the feasibility of using MATS transportation for this purpose. In reply, Mr. Hensel's letter of May 14[3] stated that while Defense was wholly in accord on the desirability of providing U.S. training for Indonesian Army officers, MATS transportation was precluded by lack of legally expendable Defense funds for this purpose.

On July 7, 1954 the Operations Coordinating Board took note of the fact that Indonesia had requested an increase in the number of places in U.S. military schools from 45 in FY 1954 to 137 in FY

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[1] See footnote 3, Document 268.

[2] Not printed.

[3] Not printed. H. Struve Hensel was Assistant Secretary of Defense for International Security Affairs.

1955. The Board agreed on the importance to the U.S. of insuring uninterrupted training of Indonesian Army officers in this country and cited to the NSC the problem of providing transportation to them as one of the major emerging problems with which the Departments were concerned. The minutes of the OCB meeting (agenda item 2, paragraph C) show that the Board "agreed on the importance to national security of bringing Indonesian officer trainees to the U.S., requested Defense to explore ways and means of financing the travel of the trainees to and from the U.S., and requested the other interested agencies to study what assistance they can offer in this connection." It was my understanding that Defense would finance the travel of Indonesian officer trainees by issuing them "invitational orders".

Officers in the Department in touch with those in Defense working on this problem learned, on August 10 from a representative in Mr. Godel's office,[4] that no legal way has been found to use any funds, available to the Department of Defense, for this purpose.

I believe it urgent that renewed efforts be made to find the necessary funds to finance invitational orders for Indonesian officer trainees assigned to U.S. military training schools in FY 1955, some of whom I assume must depart shortly to enter classes beginning this fall. I would appreciate your assistance in finding some means of providing them transportation so that the beneficial influence of U.S. training may be secured to the maximum possible under the circumstances.

Sincerely,

WALTER B. SMITH

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[4] William H. Godel, Deputy Director, Office of Special Operations, Office of the Secretary of Defense.

No. 291

656.56D13/8-1854: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State[1]

SECRET DJAKARTA, August 18, 1954—1 p. m.

292. Re The Hague telegram sent Department 250, repeated Djakarta 14, Canberra unnumbered.[2] I would like to state for the

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[1] Repeated to The Hague, Canberra, and London.

[2] In telegram 250, Aug. 13, Ambassador Matthews expressed regret that the "Department for whatever valid reasons, did not make our opposition to inclusion of

Continued

record that I do not believe Department or this Embassy have neglected any step short of a public statement or a formal *démarche* to make clear to Indos our views re inclusion of New Guinea item on GA agenda. I have taken every opportunity to make clear in unmistakable terms to President Sukarno, Prime Minister, Foreign Minister and other Foreign Office officials US views on this matter. Always however within framework of our policy of hands off or neutrality with respect to Dutch-Indo dispute. I have emphasized that if Indo persisted in its purported plan to seek UNGA consideration US, despite its desire to stay out of the problem, might be required, thereby to take a position. I know that Indo officials have well understood by implication that if the US had to take a position it might be one contrary to Indo wishes. It is, I am sure, Indo's clear understanding of the portent of my various remarks that has led Foreign Office officials to express the hope (reported in previous telegrams) that if US could not support Indo position we might at least refrain from supporting Dutch position by lobbying against the Indo proposal if it should be made. While we have not succeeded in scotching the project, I am sure that our representations have played a part in compelling the Indos to moderate, at least in their own eyes, the nature of their proposal. (Mytel 263.)[3]

Sukarno from outset has been the prime leader in all moves to bring Irian problem to a head. There is no Indo party which does not subscribe to belief that Irian is by rights Indonesian. Most leaders have, however, felt that it was not expedient or wise to press forward as rapidly as Sukarno desired or as his patriotic demagoguery on the subject required; on the other hand no leader or party could afford to be placed in a position of open opposition to steps proposed by Sukarno "to complete the revolution by regaining Irian."

Even the most reasonable Indo leaders with whom I have talked, firmly believe that it is Dutch refusal even to discuss the question which has forced Sukarno equally firmly to insist upon discussion.

As I stated in the final paragraph mytel 263 US support of an Indo resolution calling on the two parties to get together and report the results to GA would be beneficial to US position in Indo and perhaps other ex-colonial areas. I do not mean by this, howev-

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[Netherlands New Guinea] item on [U.N. General Assembly] agenda clear to Indos earlier." (656.56D13/8-1354)

[3] Telegram 263, Aug. 12, stated that the Indonesian Cabinet had approved a resolution calling for discussions with the Netherlands rather than a resolution calling for the recognition by the General Assembly of Indonesia's claim to Western New Guinea, partially in the hope that the United States would be able to support the former proposal. (656.56D13/8-1254)

er, that such support would contribute significantly in the immediate future to furthering our policy objectives in this area; it would produce at best only some general warming of public and official opinion towards US.

Given our hands off attitude towards the Irian dispute, with which I heartily agree, I think either of the following courses of action would do us the least harm and perhaps some good in Indo: (1) Vote for the inclusion of the item on the agenda but abstain from any vote in GA itself, or (2) abstain from voting on any phase of the question. A *sine qua non* of preserving Indo friendly understanding if not acceptance of US position is that we carefully refrain from lobbying for or against either the Dutch or the Indo position.

I do not see how in the light of our alliances with the Dutch and with the Aussies we can give "any favorable nod" to the Indos; on the other hand, in view of the present and future importance of Indo to American security interests in Southeast Asia, I do not see how we can give a favorable nod to the Dutch.[4]

CUMMING

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[4] On Aug. 26, the Embassy in Djakarta commented further:

"Embtel 292. In response to a question, Foreign Minister Sunario told Ambassador Cumming that he (Cumming) had made clear to President, Prime Minister, and himself, US attitude on wisdom of introducing West New Guinea problem in UNGA, but that Irian was 'national problem' and that they had been forced to proceed." (Telegram 346; 656.56D13/8-2654)

No. 292

656.56D13/9-354

Memorandum of Conversation, by the Officer in Charge of Indonesian and Pacific Island Affairs (Galbraith)

SECRET WASHINGTON, September 3, 1954.

Subject: Western New Guinea

Participants: Mukarto Notowidigdo, Ambassador of the Republic of Indonesia
Mr. Walter S. Robertson, Assistant Secretary for Far Eastern Affairs, Department of State, Washington, D.C.
PSA—Francis J. Galbraith

Ambassador Mukarto called today at our request.

Mr. Robertson referred to the conversation of August 13 between the Deputy Under Secretary and the Ambassador at which the latter delivered a note[1] informing us of Indonesia's intention to place the New Guinea question before the UNGA. Mr. Robertson said the US values the friendship of both Indonesia and the Netherlands that the latter are our allies in Europe. He said when two friends disagree as fundamentally in approach and opinion as the Netherlands and Indonesia disagree on the question of Irian the US is put in a difficult position. He said the US is neutral in the dispute and will therefore abstain and take no positive action. He said it was hoped we could, by taking this position, avoid action which could be interpreted by either side as favoring the other.

Ambassador Mukarto replied that he was glad to receive this information, and that he desired to express the appreciation of his government for it. He said he felt his government understood the difficult position of the US with respect to doing anything harmful to US–Netherlands relations. He said he would inform his government immediately and he was sure his government would appreciate the US position of neutrality.

Ambassador Mukarto concluded by saying the Indonesian Government recognizes the need for restraint and desires to avoid creating an opportunity for the Communists to broaden the issue. He said Indonesia will act in this spirit in the UNGA.

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[1] Not printed.

No. 293

756D.58/9-1754

The Secretary of Defense (Wilson) to the Secretary of State

TOP SECRET WASHINGTON, September 17, 1954.

DEAR MR. SECRETARY: I refer to General Smith's letter dated March 12, 1954 concerning the possibility of furnishing U.S. officers on an individual contract basis to train Indonesian defense forces, and to Mr. Murphy's letter of April 19, 1954[1] on the desirability of sending a qualified officer to make a survey of Indonesian training needs.

Inclosed is a copy of the Joint Chiefs of Staff memorandum in which they express their views concerning the referenced letters, in which I concur. Accordingly, I recommend that in discussions with the Indonesian Government the furnishing of military training assistance be made contingent upon the outcome of a survey of their training needs.

Sincerely yours, C. E. WILSON

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[1] See footnote 3, Document 268.

[Enclosure]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson)

TOP SECRET [WASHINGTON,] 31 August 1954.

Subject: Military Training Assistance to Indonesia

1. Reference is made to a memorandum by the Assistant Secretary of Defense (International Security Affairs), dated 25 March 1954,[2] subject as above, and to the letter attached thereto from the Under Secretary of State, dated 12 March 1954, concerning the question of providing selected U.S. Army officers on an individual contract basis to aid in training the Indonesian armed forces. Reference is also made to a memorandum by the Assistant Secretary of Defense (ISA), dated 27 April 1954,[2] on the same subject and the letter attached thereto from the Deputy Under Secretary of State, dated 19 April 1954, which discusses a possible survey to determine Indonesian training requirements.

2. The Joint Chiefs of Staff consider that it would be desirable to furnish one or more qualified officers to survey Indonesia's training needs within the positive intent of NSC 171/1,[3] and to recommend a training plan for the Indonesians. In view of CINCPAC's responsibility regarding Indonesia, it is suggested that he be represented on the survey team if he so desires.

3. The Joint Chiefs of Staff note from NIE 65-54 [2] and current intelligence reports that the political situation in Indonesia has become less favorable to the West since the appointment of the present Ali Cabinet. Since certain top level members of the present Indonesian government, including the present Minister of Defense, have pro-Communist leanings, it would not appear to be in the U.S. interest to do anything which would tend to strengthen the Government and improve the Communist position. Consequently, any survey should be discretely conducted in order that it would not be interpreted as tacit approval of the Ali government.

4. Whether it would be desirable, from the military point of view, to furnish officers to aid in training the Indonesian armed forces is

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[2] Not printed.

[3] Document 255.

a matter which the Joint Chiefs of Staff would prefer to re-examine after reviewing the report of the officer or officers making the survey. Should the survey determine that military training assistance is desirable the Joint Chiefs of Staff will then evaluate the advantages and disadvantages of providing U.S. advisors to Indonesia on an individual contract plan.

For the Joint Chiefs of Staff:
ARTHUR RADFORD
Chairman
Joint Chiefs of Staff

No. 294

OCB files, lot 62 D 430, "Indonesia"

Paper Prepared for the Operations Coordinating Board[1]

TOP SECRET [WASHINGTON,] September 21, 1954.

STATUS REPORT ON NSC 171/1 INDONESIA[2]

I. Political

1. On August 10, Indonesia and the Netherlands agreed on a protocol terminating their Union and retaining only those parts of the financial and economic agreements which have heretofor been implemented. At the conference, the Dutch refused to discuss New Guinea and as a result, despite our attempts at discussion, Indonesia has asked that the New Guinea question be placed on the UNGA agenda and intends to introduce a resolution asking the Dutch to negotiate further under the terms of the Agreement on the transfer of sovereignty. The Netherlands and Australia will oppose inscription and discussion in the UNGA. Both the Netherlands and Indonesia have requested our support. We have replied by stating our desire to avoid offending either party and our determination to abstain on all voting and to refrain from debate or lobbying in accordance with our policy of strict neutrality. The Indonesian Ambassador indicated that his Government understood the U.S. position and would appreciate U.S. neutrality.

2. Embassy Djakarta has started preliminary negotiations for a treaty of friendship, commerce, and navigation; the Indonesian Foreign Minister has recently told the Embassy of his intention to complete these negotiations in the near future.

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[1] The source text contains no indication of authorship.

[2] Document 255.

3. Indonesia has "sounded out" Middle Eastern, African, and Asian countries on participation in a conference in Indonesia this fall. To date plans are indefinite and it is not expected that the conference will be held in the near future, although Prime Minister Ali is visiting India and Burma this month in a move believed to be related to it. In other developments related to Indonesia's neutralist foreign policy, her officials made known that they would not attend the SEATO Conference at Manila but were not opposed to it. A Soviet Embassy is to be opened in Djakarta in October following the recent opening of an Indonesian Embassy in Moscow.

4. The U.S. has found no opportunity to encourage the settlement of the reparations question with Japan. Japan has suspended the export of textiles to Indonesia as a result of the latter's failure to pay an installment of their adverse trade balance recently due. We have informally encouraged Indonesia's support of Japan for full membership in GATT and indications are that such support will be forthcoming.

5. A visit by President Sukarno to the United States is not scheduled for 1955; the Department of State is urging that his visit be given a high priority in the list of prospective visitors for 1956.

II. Military

1. Defense will provide MATS transportation from Manila to the United States on a non-reimbursable basis for Indonesian military officers assigned to U.S. Service Schools. The Army Attaché, Djakarta, is now issuing necessary authorization. The first trainees under the new arrangement are expected to leave for the U.S. in October. Indonesia initially requested 154 spaces, and to date has declined 16. Spaces for the balance are available subject to final acceptance by Indonesia and to security suitability of the individual trainees.[3]

2. Defense informed State on 17 September of the Joint Chiefs of Staff view that before a decision is made to furnish U.S. officers to assist in the training of Indonesian armed forces, a survey to determine whether such assistance is desirable should be conducted. Defense recommended that in discussions with the Indonesian Government the furnishing of military training assistance by the United States should be made contingent on the outcome of a survey of Indonesian training needs.[4]

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[3] See Document 296.

[4] On Sept. 29, Ambassador Cumming, then in Washington, discussed with Admiral Radford, Chairman of the Joint Chiefs of Staff, the question of U.S. military training assistance to the Indonesian Army. Galbraith, who was present, recorded parts of their conversation:

Continued

III. Economic

1. FOA has obligated $1 million in FY 1954 for the police training and equipment project. The chief technical adviser to this project, Mr. Fruit, has just completed a preliminary survey and his informal report to the Department on August 6 was optimistic about the success of this project. Procurement of 250 jeeps, 8 patrol boats and 1 aircraft is planned and has been started. Selection of 28 officers for training in the U.S. and 20 for training with the anti-guerrilla elements of the Philippine Constabulary has been completed. Selection of five additional technicians is proceeding.

2. The Department has consulted with Embassy Djakarta regarding the extent and effect of the financial deterioration in Indonesia and the need and justification for U.S. financial and economic assistance. The Embassy has recommended against special financial and economic assistance to Indonesia at this time. The general problem of extending assistance to Indonesia for its economic development is being subsumed under work in the Department on a regional approach to economic problems in Southeast Asia. The financial situation in Indonesia is being closely watched by the Embassy and the Department.[5]

3. Pursuant to NSC Action No. 1173, State and FOA have drafted a program for OCB consideration which, subject to availability of funds and a show of Indonesian initiative, will improve the efficiency of the independent small holder in production, processing, and

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"Ambassador Cumming referred to the letter from the Secretary of Defense dated September 17, 1954 and the JCS memorandum enclosed therein dated August 31, 1954 on the subject of military training assistance to Indonesia. The Ambassador said he did not think the sending of an individual or a group to Indonesia to make a survey of Indonesia's training needs would be advisable at the present time and probably not until after elections. He said the Embassy's best estimate is that the elections will be held sometime in mid-1955 and that those non-Communist and anti-Communist political elements amenable to cooperation with the U.S. are expected to win the elections. The Ambassador said it was his opinion that elections would bring some greater degree of stability to the Indonesian Government and would perhaps permit the implementation of U.S. military training assistance to Indonesia in some form. The Ambassador said that meanwhile Indonesian Army and Naval officers are being trained in the U.S. in increased numbers which would permit a more efficient use of American training in Indonesia at a later date . . .

"Admiral Radford expressed interest in Ambassador Cumming's brief survey of the situation. He said he did not believe Defense expected any immediate or dramatic results from Indonesia and he agreed with the Ambassador that the time of any survey of Indonesia's military training needs would await the Embassy's and the Department's recommendations." (756D.58/9-1754)

[5] On Sept. 21, the Embassy informed the Department of State of General Motors' decision to close down its operations in Indonesia, based partly on the deterioration of the economic situation there. (Telegram 471; 811.05156D/9-2054) On Oct 7 the Embassy reported that Stanvac had decided to proceed with its planned investment program after the Indonesian Government agreed to exempt the company from payment of its 66⅔ percent surcharge tax. (Telegram 566; 811.05156D/10-754)

marketing of rubber. Study continues on other aspects of the problem. (Cf. agenda item No. 1, OCB meeting of September 22, 1954.)[6]

4. A new FOA director arrived in Indonesia in July. He will review the program and coordinate its separate projects to achieve greater impact. The regular FY 1954 program of technical cooperation, amounting to $4 million, was obligated in late June and implementation has proceeded in a routine manner.

IV. Informational

1. Negotiation on an Information Media Guarantee Agreement has been completed and will probably be signed within the next two months. This will facilitate the import of American books and publications through dollar reimbursement to American publishers with the U.S. Government receiving the locally generated rupiahs.

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[6] See Document 299.

No. 295

493.56D9/10-254: Telegram

The Chargé in Indonesia (Steeves) to the Department of State

SECRET PRIORITY DJAKARTA, October 2, 1954—noon.

540. Excon. Embassy understands from Department's circular telegram 169, September 30,[1] that Department takes position Battle Act will not be invoked in *Pulaski* case regardless of destination,[2] and suggests as future course of action that if Indonesia makes additional shipments of rubber to Communist China US policy be that such shipments constitute *de facto* withdrawal by Indonesia of rubber from UN embargo listing, and that US then urge Indonesia consider desirability informing UN of withdrawal from list. Embassy's comments follow:

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[1] This telegram requested comments from a number of posts on the wisdom and feasibility of retaining rubber on the list of strategic goods embargoed to North Korea and mainland China and kept under surveillance with regard to the European Soviet bloc countries, particularly in light of the Indonesian situation where continuation of the embargo on rubber sales to China might cause the United States more political disadvantages than benefits. (460.509/9-3054)

[2] The Department of State was in receipt of numerous unconfirmed reports that the *Pulaski* had proceeded to a mainland Chinese port where it was discharging its rubber cargo. Circular telegram 169 referred to a "top level determination in *Pulaski* case that Battle Act would not be invoked regardless of destination". A policy briefing paper compiled by the Executive Secretariat of the Department of State, Sept. 12, stated: "The President has indicated that he 'does not want this shipment by Indonesia to create difficulties for the United States in that country', and action under the Battle Act adverse to Indonesia will not be taken." (FE files, lot 55 D 480, "Policy (Hoover) Briefing Book for FE") See also footnote 3, Document 278.

1. *Pulaski* case is first breach by Indonesia of UN embargo. As Department aware UN embargo has not been popular in Indonesia. Indonesia abstained on adoption of resolution in 1951 but except for *Pulaski* shipment has carried out its provisions as loyal member of UN. Opposition to continued adherence embargo has become more vocal lately with many quarters urging government take lead in seeking its rescission. US intransigeance on rubber question is considered by many to be primary cause of serious difficulties now facing Indonesian rubber industry. US continued insistence on embargo of rubber to Communist China has now become definite political liability, is undoubtedly costing us friends, and may jeopardize attainment overall US objectives Indonesia.

2. As reported in Embtel 490, September 23,[3] Indonesian Government may be considering unilateral action for withdrawal rubber and tin from list of Indonesia-embargoed commodities.

3. Re paragraph 3, Deptel we should not let *Pulaski* case pass unnoticed. Although shipment may be justifiably judged "not knowingly permitted" nevertheless it was breach of faith since there were sufficient grounds support presumption rubber destined for China. Indonesians are undoubtedly waiting to see what action we will take in this instance before proceeding with further shipments. Failure to take official notice *Pulaski* case may be considered sign of weakness on our part especially in view statement made by Ambassador to Prime Minister, on instructions from the Department, and may serve encourage Indonesian Government permit further shipments in violation UN embargo.

4. Re paragraph 4 Deptel[4] we recommend following alternative course of action vis-à-vis Indonesia:

> (a) US should call attention Indonesian Government *Pulaski* shipment as violation UN embargo, and at same time point out that US does not plan invoke Battle Act in this case for following reasons:
>
> (1) US taking lead in suggesting to countries concerned that they may wish take unilateral action for removal rubber from embargo list and thus not subject to Battle Act action; (2) that we understand Indonesia may be considering unilateral action for removal rubber from UN embargo list; and (3) circumstances surrounding shipment may be considered adding up to "not knowingly permitted".
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> (b) At the same time urge Indonesian Government (1) take necessary action for removal of rubber from list; (2) not permit any further shipment rubber to Communist China until such

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[3] Not printed.

[4] Paragraph 4 of circular telegram 169 suggested that the United States take the position, if further rubber shipments to China were made, that Indonesia's action constituted *de facto* withdrawal of Indonesia's listing of rubber under the U.N. embargo resolution and urge Indonesia to inform the United Nations of its intent to withdraw rubber but continue embargo coverage in all other respects. Other areas, such as Ceylon and Malaya, could then be informed that the United States would accept something less than a complete embargo of rubber to mainland China under the Battle Act.

action completed; and (3) continue embargo in all respect except for tin which no longer title two commodity.

(c) Above action should be taken earliest possible. Nothing to be gained by waiting until additional shipments rubber made by Indonesia. If *Pulaski* case goes by unnoticed by US Indonesia will undoubtedly make additional shipments. Timing is important, and in our opinion we stand to gain by taking the initiative and acting before our hand is forced. To back down on Battle Act enforcement after additional shipments to Communist China, which after *Pulaski* operation may be made openly, may cost us more politically and psychologically than we stand to lose by immediate action along lines suggested above.

5. Re paragraph 5, Deptel we concur with action proposed.[5] However, we would appreciate clarification whether Indonesia would be expected continue pre-shipment controls and report all exports since US and Indonesia have not entered into agreement on basis Section 202 of Battle Act.[6]

STEEVES

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[5] Paragraph 5 suggested a more immediate course of action based on informing concerned countries that a more limited form of controls would be acceptable, such as continuing pre-export controls and reporting on all exports, permitting unilateral withdrawal of rubber from the embargoed list provided that the U.N. resolution would be continued in other respects, and requesting that countries be prepared to reinstitute control of rubber to China in the future should circumstances warrant.

[6] In response to telegram 540, the Department on Oct. 16 cabled that the *Pulaski* case would not pass unnoticed if a violation of the U.N. resolution was definitely demonstrable. There was no conclusive evidence that the *Pulaski's* rubber cargo had been discharged in Communist China. If the *Pulaski* called at London, the Department hoped to ascertain whether the rubber had been discharged. Meanwhile, the matter continued to receive active consideration. (Telegram 453 to Djakarta; 493.56D9/9-1054)

No. 296

711.56356D/10-1354: Telegram

The Acting Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, October 13, 1954.[1]

477. Ambassador Cumming in conversation Foreign Minister Sunario recalled genesis program which resulted U.S. agreement transport Indonesian military trainees. Said now learned that for reasons unknown but presumably at direction Minister Defense, Indonesia failing nominate sufficient officers fill allocated training spaces.

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[1] The time of transmission is not legible on the source text.

Ambassador said this caused him embarrassment in view strong representations he had made. Sunario promised take up with Prime Minister on return Indonesia next week and said he appreciated failure utilize training allocated would "help those American quarters who continually charge Indonesia was Communist".[2]

HOOVER

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[2] On Nov. 12, Chargé John M. Steeves talked with Foreign Minister Sunario about several topics affecting U.S.-Indonesian relations. The concluding portion of Steeves' memorandum of conversation, sent to the Department on Nov. 16, reads as follows:

"The Foreign Minister again referred to how difficult it was to pursue a strictly independent policy and not have it misunderstood by the United States as a soft attitude towards Communism. It seemed to me that the occasion was ripe for a positive suggestion to the Foreign Minister, and I told him that I thought that one thing that would help would be for Indonesia to exhibit a little more real neutrality in the public utterances of its leaders. In recalling the fact that we had had several conversations recently about his concern over adverse comment in the United States press on affairs in Indonesia, I said that some of the current utterances by the President and the Prime Minister were likely to be misunderstood in the United States and produce a further spate of the very type of comment he wished to avoid. I pointed out to him that some Americans felt that a truly neutral policy did not consist in reminding the Indonesian people from the public platform that Indonesia was not going to succumb to American blandishments and in a variety of ways insinuate that America was the power to be feared and that keeping the U.S. at arm's length was the essence of neutrality. I told him that I thought Indonesian spokesmen could do much to allay the fears of those who claimed that Indonesia was moving in the direction of the Communist world if they would a little more openly give assurances that they were not under the spell of Communist China or if they were a little less afraid to criticize the Soviets. He took the suggestion very well and said that maybe they had been remiss, and he would give this some definite thought." (Enclosure to despatch 263; 756D.00/11–1654)

No. 297

400.56D9/10–2554: Telegram

The Chargé in Indonesia (Steeves) to the Department of State[1]

SECRET DJAKARTA, October 25, 1954—2 p. m.

664. Excon. Re Deptel 501, October 19, repeated Hong Kong 1416, UNNY.[2]

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[1] Repeated to Hong Kong and the U.S. Mission at the United Nations.

[2] In this telegram, the Department reported that the Indonesian Foreign Minister had suggested to the U.S. Delegation to the U.N. General Assembly that some way should be found to compensate his country for the cost of the U.N. embargo which was depriving it of the opportunity to export 20,000 to 50,000 tons of rubber to mainland China. The Department indicated that it felt Indonesia could at this time dispose of all its rubber in the United States and other "free world markets". It inquired whether Indonesia was having any difficulty in moving its rubber in such markets and whether any burdensome and abnormal stock situation had developed in Indonesia. (400.56D9/10–1954)

1. According local trade sources and government officials Indo is having no difficulty moving all its rubber. Present monthly production averages 70-75,000 tons most if not all of which being exported (see Embdesp 147, September 23).[3] All of rubber exported to free world except for that going directly to Poland and Czechoslovakia. It must be assumed however that some rubber reexported from Netherlands to USSR and other East European countries.

2. There is no known surplus stock on hand. Trade circles assume some rubber is being bought and hoarded by speculators, but quantity not large since "hot money" now being invested in pepper and tea, warehousing of which is simpler, and gold. Reports are heard occasionally that Indo has surplus of 15,000 tons but trade circles discount them. Reports also not supported by local prices which now higher than world market. Local exporters able compete profitably in world market only by use devious methods.

3. Government officials with whom UN embargo discussed from time to time consider China potential rather than present market. Although Chinese delegation sought include rubber in trade agreement it is believed no definite figure was mentioned.[4] Indos feel industrialization of China offers large attractive market which Indo would like enter. Any increase exports would tend, they feel, increase production, and thereby improve foreign exchange position.

4. Figures 20-50,000 tons used by Foreign Minister higher than those usually heard here. Figures result of following reasoning: China's present rubber requirements for non-war industries said to be approximately 60-75,000 tons; Ceylon supplying 50,000 tons, therefore there is a market for 10-25,000 tons.

5. To blame UN embargo entirely for Indo's present economic difficulties is to ignore certain basic fact and appears to be effort to cover up government's mistakes by blaming someone else. Monthly average rubber exports, and therefore presumably production, for first 7 months 1954 better than any other year since 1949, or prior Korean war. Exports smallholder rubber better in 1954 than any other year same period except 1951. Average monthly exports, with export smallholders rubber in parenthesis, as follows: 1949-33,127 (19,730); 1950-55,826 (19,400); 1951-62,760 (45,833); 1952-62,778 (38,132); 1953-55,582 (31,565); 1954-68,099 (43,477). Monthly average value received for export rubber first 7 months 1954 (rupiahs 248 million) exceeded only in 1952 (rupiahs 403 million) and 1953 (rupiahs 257 million) and more than double that for 1950 (rupiahs 107

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[3] Not printed.

[4] Reference is to a trade agreement concluded in September 1954 between Indonesia and the People's Republic of China. The commodities listed in the agreement did not include petroleum and rubber.

million). Indo has of course lost foreign exchange as result drop in world market price of rubber, but government's policies seem to be major cause depletion foreign exchange and gold reserves. Deficit financing, inflation, rising prices consumer goods, granting of special import licenses, importation of luxury and unnecessary items such as large expensive cars, MGs, etc, for government officials and privileged characters, corruption in Ministry Economic Affairs cannot be overlooked nor explained away by attributing present economic difficulties to United Nations embargo. Lifting of embargo might, as Indonesians believe, increase production and exports of rubber, and result additional foreign exchange, but solution present economic difficulties will require some soul-searching and house cleaning on part of Indos themselves.

6. Best solution would appear to be that recommended in Embtel 540.[5] Indos would then no longer be able blame all their economic troubles on UN embargo, and government might be placed in position of having to face realities of situation.

STEEVES

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[5] Document 295.

No. 298

756C.00/11-1054

Memorandum of Conversation, by the Director of the Office of Western European Affairs (Jones)

CONFIDENTIAL WASHINGTON, November 10, 1954.

Subject: West New Guinea

Participants: The Secretary
Dr. van Roijen, The Netherlands Ambassador
John Wesley Jones, WE

The Netherlands Ambassador called today at his request to present the Secretary with the first draft of a UN resolution on West New Guinea prepared by the Netherlands and Australia (see attachment).[1] The Ambassador said that the draft resolution had been approved by the Netherlands cabinet and would, he anticipated, be introduced into the UN by some third country acting as sponsor. His Government very much hoped that the United States would find it possible to support this resolution and vote for it.

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[1] Not printed. This draft resolution was not formally presented to the U.N. General Assembly.

Dr. van Roijen drew the Secretary's attention to the fourth paragraph of the Preamble and the fourth paragraph of the Resolution, itself, which confirm the willingness of the Netherlands Government to give the inhabitants of West New Guinea the opportunity to determine their own future. He said that he hoped that the positive aspects of the Netherlands-Australian draft would appeal to the U.S. Government as well as those of other member states of the UN.

The Secretary asked whether the Indonesian Government would favor a resolution such as that drafted by the Netherlands and Australia or whether that Government intended to introduce a resolution of its own. The Ambassador replied that the Indonesia Government, he understood, had different ideas; that its resolution would probably call for negotiations between the Netherlands and Indonesia thus emphasizing the necessity for settlement of a dispute which the Netherlands Government cannot admit is required.[2]

The Secretary asked what chance of success the Indonesian resolution might have and the Ambassador referred to the unresolved question of voting on this matter by two-thirds or by a simple majority which will, of course, have a significant effect upon the outcome of the voting on any resolution related to this issue.

The Secretary said that we were, of course, very anxious that certain of these areas not pass into Communist hands and, turning to a map of the Pacific, he pointed to the chain of strategic islands which ran from the Aleutians down through Japan, Formosa, and the Philippines, to New Guinea and Australia. He said that there were other areas which we also were most anxious should not fall to the Communist side. This, he continued, was the basis for our policy that we do nothing to push the Government of Indonesia off its delicate balance on to the wrong side, particularly in the light of recent indications that the political situation in Djakarta was, from the standpoint of the West, improving and in the light of the forthcoming national elections. After very careful soul-searching the U.S. Government had decided that it must continue to maintain its policy of strict neutrality in this New Guinea question although admittedly this was not a glorious posture. Certainly if only the welfare of the inhabitants of West New Guinea were concerned we would have to admit that development toward ultimate political self-determination would be better assured under the present rule. However, the Secretary concluded, there were many other important factors involved and, for the political considerations referred to above, he felt that we must maintain our neutral policy in this particular issue. The Ambassador replied that he knew his Government would be disappointed but that he would do his best to explain to it the Secretary's reasons for this decision.[3]

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[2] An Indonesian resolution along the lines indicated was presented subsequently to the First Committee of the U.N. General Assembly as U.N. document A/C.1/L.109, but was not pressed to a vote.

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[3] In a subsequent memorandum of Nov. 12 to Secretary Dulles, Jones stated that the Netherlands Ambassador had transmitted his government's disappointment at the U.S. position, conveyed after he had informed it of his talk with Dulles. The Netherlands Government wished to emphasize that, in its opinion, a vote in favor of the Netherlands-Australian resolution could not be construed as procolonial in view of the resolution's explicit provision for ultimate self-determination by the indigenous population. (656.56C13/11-1254)

No. 299

856D.2395/11-1954

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Under Secretary of State (Hoover)[1]

SECRET WASHINGTON, November 19, 1954.

Subject: United States Rubber Policy, Indonesia

The President on July 16, 1954 directed the OCB to develop a feasible integrated program with respect to the rubber problem of Southwest Asia, particularly Indonesia, and to report to the Council with estimates of the general magnitude of costs. Such a paper was prepared by the Department (OMP and PSA) in conjunction with FOA, approved by the OCB, and submitted to the NSC in NSC 5417/3 on September 24, 1954. The paper recommended, as a course of action to improve the Indonesian smallholder rubber situation, the planting of 380,000 acres with new high-yielding rubber trees, the establishment of cooperative processing centers with working capital to buy rubber from smallholders, and the establishment of schools to teach smallholders approved methods of planting, tapping, and processing. The paper also recommended that Indonesia should bear as much of the cost as feasible but recognized that economic conditions in Indonesia at present are such as to suggest that the United States be prepared to underwrite a substantial portion of the total. The total cost of the program is estimated at $60 million over a twelve-year period. All but $3 to $5 million of the total would be local currency costs. The United

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[1] An attached note and a handwritten notation on the source text indicate that Hoover left Washington before this memorandum could be studied by him. Following his return, it was brought to his attention on Dec. 6.

States share could be financed through surplus agricultural commodities or through commodities other than agricultural surpluses under foreign aid appropriations or under separate legislation.

On October 18 [*14*], 1954, the NSC adopted the recommendations of the OCB approving this project, subject to certain conditions, one of which was " . . . a determination by the Secretary of the Treasury that the program will not adversely affect the sale of U.S. Government-owned synthetic plants".[2] Secretary Humphrey responded by suggesting that the Indonesian program be delayed for approximately six months.[3] The OCB Assistants considered this aspect of the problem and have prepared for OCB transmittal to the NSC a statement that says the Treasury recommendation is acceptable and that the Department will not take definitive action or make commitments in response to a specific request from Indonesia without further reference to the OCB. It is understood, however, that the Department would be obliged to talk to the Indonesians about their needs for assistance to smallholder rubber since the U.S. has already, on the basis of NSC action, stated publicly that it would consider sympathetically proposals for assisting the natural rubber industry.

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[2] Ellipsis in the source text.

[3] During the discussion of NSC 5417/3 at the 217th meeting of the National Security Council on Oct. 14, Humphrey expressed his strong disagreement with the rubber proposal and requested that his fundamental opposition be placed on the record. This was done in NSC Action No. 1243b(4). (Eisenhower Library, Eisenhower papers, Whitman file)

No. 300

656.56D13/11-3054: Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

CONFIDENTIAL
PRIORITY

NEW YORK, November 30, 1954—7 p. m.

Delga 312. For the Secretary. West New Guinea question probably will be voted on in Committee I today and go to plenary before the end of the week and it is, therefore, essential that I have clear instructions on whether this is an important question requiring two-thirds vote within the meaning of Article 18 of Charter.[1]

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[1] In the evening of Nov. 30, Committee I voted on a resolution (U.N. document A/C.1/L.110) submitted by Argentina, Costa Rica, Cuba, Ecuador, El Salvador, India, Syria, and Yugoslavia, which provided that the General Assembly would express the

Continued

I. Without prejudice to our decision to abstain on the merits of this question, both in committee and in plenary (with which decision I heartily agree) I strongly recommend for the following reasons that we take the position in the plenary, if the question arises, that this matter requires a two-thirds vote.

a. It is clear that the question is in fact an important one within the spirit and letter of the Charter. Indonesia raised it under Articles 35, 10, and 14 of the Charter as "a latent threat to the peace and security of that part of the world" (A/2964). The question therefore clearly falls within the first category of "important" questions stipulated in Article 18(2) of the Charter on which all decisions require a two-thirds vote.

[b.] By taking this position we will, to a considerable extent, be strengthening our own future position regarding Chinese representation if and when the question of whether Chinese representation requires a two-thirds vote arises. If we vote that this is not an important question, we weaken our future position to an even greater extent.

c. Moreover, the position we take on voting question in respect of the New Guinea issue has important consequences for other questions of a similar nature, e.g., Cyprus.

II. Also request authority (if I am invited to do so) to agree to preside as vice-president in place of van Kleffens[2] who I understand plans to step down when this item is taken up. This would be logical because of the US position of abstention on the merits while all of the other vice-presidents have taken positions on one side or the other. Furthermore, if I were in the chair I would be better able to control any procedural debate that might arise on the two-thirds question. If I were in the chair I would plan not to make a ruling on this question since I do not consider that it is within the competence of the chair to rule on it. I would put the question to the assembly for decision by a majority vote and in the course of the procedural debate I would recognize an appropriate representative of the US, probably Wadsworth,[3] to state the US position on the procedural question. Our statement on the procedural question would have to make a clear distinction between the procedural

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hope that the two parties would pursue their efforts to solve the West New Guinea question in conformity with the principles of the U.N. Charter and report back to the Tenth Session of the General Assembly. For the record of the meeting, see U.N. document A/C.1/SR.735. The resolution was approved by a vote of 34 to 14, with 10 abstentions (including the United States). The Netherlands voted against the resolution, while Indonesia abstained. The General Assembly did not take up the question until Dec. 10.

[2] Eelco N. van Kleffens of the Netherlands was President of the Ninth Session of the U.N. General Assembly.

[3] James J. Wadsworth was a member of the U.S. Delegation to the Ninth Session of the U.N. General Assembly.

question and the merits of the instant case and I think this could readily be done.

LODGE

No. 301

656.56D13/11-3054: Telegram

The Secretary of State to the United States Mission at the United Nations

CONFIDENTIAL WASHINGTON, December 2, 1954—7:03 p. m.

Gadel 131. For Lodge from the Secretary. Re New Guinea (Delga 312).[1]

I think you should not have to be embarrassed by being in President's chair when critical procedural decision on New Guinea item arises. If a vote must be taken on question whether two-thirds majority on New Guinea resolution is required in plenary, I am inclined to agree with you that question is in fact important and that we should vote accordingly. However, I should hope that plenary would not have to decide this question but that it should vote first and then if necessary decide afterwards whether ⅔ vote required. In view of 34–14 vote in committee it would seem that decision on "importance" would never have to be taken.[2]

DULLES

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[1] *Supra.*

[2] The principal drafter of this telegram was Assistant Secretary of State for International Organization Affairs David McK. Key. On the preceding day, he had sent a memorandum to Dulles reporting on a meeting held in the office of Deputy Under Secretary of State Murphy. Part of that memorandum reads as follows:

"In a meeting in Mr. Murphy's office today, Mr. Robertson took the position that our policy of neutrality covers all aspects of the matter and requires us to abstain; whatever benefit we might obtain from this policy would be dissipated by our voting with the Dutch in support of the ⅔ rule and thus possibly helping to defeat the resolution.

"I argued that our neutrality could not be considered to cover this important procedural question; this matter involves a dispute over sovereignty over an extensive territory and should therefore be considered 'an important question' under Article 18 of the Charter, particularly since in view of the growing influence of the anticolonial and underdeveloped group the ⅔ rule in political matters of this sort would operate in our national interest as a barrier to extremist moves in the Assembly. Mr. Elbrick generally supported my position." (FE files, lot 55 D 480, "Indonesia")

C. Burke Elbrick was Deputy Assistant Secretary of State for European Affairs.

No. 302

S/P-NSC files, lot 61 D 167, "Indonesia (NSC 171 Series)"

Memorandum by the Assistant Secretaries of State for Far Eastern Affairs (Robertson) and Economic Affairs (Waugh) to the Secretary of State

SECRET [WASHINGTON,] December 7, 1954.

Subject: NSC Consideration on December 9, 1954 of OCB Letter on NSC 5417/3 (United States Rubber Policy—Tab A)[1]

Discussion:

1. On October 18 [*14*], 1954 the NSC adopted the recommendations of the OCB approving a program to improve the Indonesian smallholder rubber situation.[2] The NSC approval was subject to a determination by the Secretary of the Treasury that the program will not adversely affect the sale of U.S. Government-owned synthetic rubber plants.

2. The Rubber Producing Facilities Disposal Commission took the position that official action to aid Indonesian rubber production might be interpreted as a Government move inimical to synthetic rubber production and, therefore, harmful to the disposal of the synthetic rubber plants and Secretary Humphrey suggested that the Indonesian program be delayed for approximately six months.

3. The OCB has transmitted to the NSC a statement indicating that the Treasury recommendation is acceptable and that the Department will not within a six months period from November 3, 1954 take definitive action or make commitments in response to a specific request from Indonesia without further reference to the OCB.

4. The Department would be obliged to talk to the Indonesians about their needs for assistance to smallholder rubber since the United States, on the basis of NSC action, stated publicly in May 1954 that it would consider sympathetically proposals for assisting the natural rubber industry.

5. The legislation governing disposal[3] requires that Congress take final action on the Disposal Commission's plan within 60 legislative days from the date of submission and that the plan be submitted by January 27, 1955. Therefore, this action should come well within the six months delay requested by Secretary Humphrey.

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[1] The letter from the Operations Coordinating Board to the National Security Council was dated Nov. 30; its content is summarized in numbered paragraph 3 of this memorandum.

[2] See Document 299.

[3] See footnote 2, Document 249.

Recommendations:

1. That you concur in the view expressed by the OCB. (Enclosure 3—Tab A)

2. That you state that the Department considers the successful disposal of the Government's synthetic rubber plants important to our foreign policy objectives in Southeast Asia.

3. That you state that the implementation of the Indonesian rubber program is also of significant importance to our objectives in Southeast Asia and that the Treasury's recommendation, the disposal of the synthetic rubber plants, and the implementation of the Indonesia rubber program are not incompatible with each other.

4. That you indicate that the Department may wish to raise this problem again in May 1955 if the disposal program is not completed by then.[4]

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[4] The memorandum of discussion at the NSC meeting of Dec. 9 indicates that there was no detailed discussion of NSC 5417/3; it merely records the following decision, which was taken as NSC Action No. 1284:

"*The National Security Council:*

"a. Discussed the subject on the basis of the recommendation of the Secretary of the Treasury and the views of the Operations Coordinating Board, transmitted by the reference memorandum.

"b. Agreed that specific implementation of NSC 5417/3 should be suspended for approximately six months.

"c. Agreed that the Operations Coordinating Board should reconsider the implementation of NSC 5417/3 in approximately six months in the light of the situation then existing, for Council consideration after May 1, 1955.

"*Note:* The actions in b and c above, as approved by the President, subsequently transmitted to the Operations Coordinating Board." (Eisenhower Library, Eisenhower papers, Whitman file)

No. 303

FE files, lot 55 D 480, "Indonesia"

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Assistant Secretary of State for International Organization Affairs (Key)

SECRET WASHINGTON, December 10, 1954.

Subject: Western New Guinea

I refer to memorandum of conversation dated December 1, 1954 on the above subject, in which Mr. Wainhouse, IO, told the Netherlands Minister that it would be possible for us, "in response to inquiries by the Latin American delegations, to let them know that we do not necessarily expect them to vote as we did, and that they were free to determine their own positions on this item." Mr. Wainhouse also said that he would report the Netherlands Minister's representations "for consideration" as to what, if any, steps the U.S. could take to meet the wishes of the Netherlands Government in this matter." (Tab A)[1]

I also refer to memorandum of conversation dated December 6, 1954 also on this subject, in which the Netherlands Minister thanked Mr. Wainhouse "for the action taken" and said that "he thought this procedure had already had fruitful results." (Tab B)[2]

I am concerned by the implication which these memoranda of conversation seem to carry that we are indicating some preference for the way other delegations may vote on the Indian resolution on Western New Guinea or on a possible ruling regarding a two-thirds or majority vote. I believe the Secretary has enunciated clearly that we should refrain from lobbying. If you believe there is any need for an additional instruction to our UN Delegation to assure that we do not at this late date depart from our position on Western New Guinea, I request that you initiate the necessary draft.[3]

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[1] Not printed. (656.56D13/12–154)

[2] Not printed.

[3] In a memorandum of Dec. 13, Key responded that Robertson's memorandum had reached him too late on Dec. 10 to warrant further action, since the General Assembly had already voted on the Western New Guinea question. Key indicated that he felt neither his nor Wainhouse's actions constituted any departure from the approved U.S. position of neutrality on the question. (FE files, lot 55 D 480, "Indonesia")

In the evening of Dec. 10, at its 509th plenary meeting, the General Assembly voted on the eight-power resolution (see Document 300). Van Kleffens, presiding, put to the Assembly the view expressed by several delegations in debate that this was an important question requiring approval by a two-thirds majority. It was so decided without debate. The preamble and operative paragraphs were then voted on separately with each part receiving a simple but not a required two-thirds majority vote of approval. The resolution as a whole was thus not put to a vote. The United States abstained in each vote. For the record of the meeting, see U.N. document A/PV.509.

No. 304

756D.00/12–1054: Telegram

The Secretary of State to the Embassy in Indonesia

SECRET WASHINGTON, December 10, 1954—6:18 p. m.

777. During your calls on Indonesian officials including President, Vice President, Prime Minister and Foreign Minister following your return from consultation suggest you raise following as appropriate:

A. U.S.-Indonesian Relations

1. President's and Vice President's interest expressed during your consultation is evident progress toward Indonesian national elections.

2. Promise accelerated programming U.S. technical assistance FY 1955 compared FY 1954. (Legislation limits May–June obligations to 25 percent of total.)

3. Need more and better information on Indonesia in U.S. to facilitate your work and fact this can only be promoted through Indonesia's increasing opportunities for full coverage by American press representatives.

4. Failure employ MATS transport which was provided response specific requests Prime Minister Ali (your telegram 1142, April 6).[1]

5. Your regret at delay in negotiating IMG agreement and FCN treaty.

6. As result Indonesia's failure yet implement foreign investment policy statement February 1954 growing conviction among American businessmen that Indonesia lacks interest offers little field for investment.

7. Reports U.S. Government discussing possibilities expanded aid to free Asian countries (in memoranda conversation dated December 5 and 6[2] airpouched Djakarta. Ambassador Mukarto said he had analyzed fully and reported on recent statements this subject by U.S. officials, that he regarded them vitally important to Indonesia and that Indonesia wishes additional U.S. aid but that no specific requests contemplated before elections).

B. Indonesian Relations Communist Countries

1. Recent increase in number trade agreements between Indonesia and Communist countries.

2. Adverse affect in U.S. and difficulties you have explaining Indonesia's voting in UN on many issues with Soviet bloc (while acknowledging favorable U.S. reaction Indonesian vote December 8 favor Korean unification resolution).

3. Claims by Indonesian Communist Party of substantially expanded membership during past year together with PKI identification with nationalist elements and goals. (In conversation referred to paragraph 10 [*7*] above Mukarto referred recent safe-hand letter from Ali reassuring him on Government's freedom from Communist influence. Mukarto maintained Indonesia's adherence to UN Embargo and crackdown on squatters East Sumatra proved foregoing.)

C. Relations with other Countries

1. Our continued friendly concern expansion New Guinea dispute will not contribute settlement while possibly obstruction Indonesia's concentration economic and social progress.

2. Hope (expressed by Secretary to Sunario October 11) that Japanese reparations and issue be settled soon.

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[1] Not printed. The substance is in Document 265.

[2] Neither printed.

3. Fact Burma and Ceylon have recognized Laos, Cambodia and India apparently planning recognition and hope Indonesia can also support these countries' independence.

You should avoid affirmative interest in Afro-Asian Conference or any indication that expanded U.S. aid for Asian economic development is beyond exploratory stage.

DULLES

No. 305

756D.00/12–1654: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, December 16, 1954—4 p. m.

929. I saw the President this morning. He was affable, relaxed, and exuded confidence during my half-hour conversation. He showed none of the signs of physical debility which some of my colleagues have told me have appeared since September.

I communicated in formal terms the greetings of President Eisenhower and Vice President Nixon, which he appropriately acknowledged.

After amenities Sukarno referred to the Irian question but in mild terms, confining himself to a moderate elaboration of his well-known thesis that by not supporting the Indonesian point of view the US was helping the Communists in Indonesia in their efforts to identify communism with anti-colonialism and support of nationalist aspirations. He also remarked that our policy was losing us the understanding of Asia generally: "What are ten million Dutchmen as compared to one billion Asians not to mention the peoples of the Middle East". I told the President, smilingly, that he sounded a little as if he were making a speech; that he had perhaps overlooked in the understandable intensity of his feelings over Irian the fact that amongst the Asian peoples Japan, Korea, Philippines, Thailand and Pakistan were associated with us in a mutual defense pact; that Turkey was our ally in NATO; that Iran and other important states of the Middle East had mutual security agreements with us. I said therefore that I thought it was a slight exaggeration to say that the US and its aims and purposes in standing against communism and aggression and colonialism were not understood by the peoples of the East. The President limited his reply to saying that our agreements were with governments and did not necessarily reflect mass opinion. We did not pursue this subject further.

He asked me what were my first impressions of Indonesia upon my return and I said that (paragraph B 3 Deptel 777)[1] I had been struck by the highly charged political atmosphere and especially by the apparently increasing success of the PKI identifying themselves not only with Indonesian nationalist elements and goals but also with the PNI party. He replied that the increased tensions which I had noticed were due to the recent parliamentary debate on the no-confidence motion and might be expected to continue during the next pre-election months. With regard to increase in Communist influence, he said that this was largely due to Communist success, as he had previously mentioned, in selling themselves to the Indonesian people as anti-colonialists. "Every political development in this country," he said, "has its origin in nationalism and anti-colonialism". I asked if I might speak frankly and, with his permission, said that while this was to a great extent true, I had been disappointed to hear so few Indonesian voices raised to explain the aims of US policy including our determined stand against communism while so many voices, some those of non-Communists, seemed eager to take almost any opportunity to present the distortions of the Soviet bloc. I said that even some of his own speeches had in English translation been so worded as to be susceptible of distortion on this point. Sukarno then said that the present government was embarrassed by PKI support but (repeating what the Prime Minister has said over and over again) no politician could reject a vote. I referred to Mendès-France's[2] statement at the time he sought investiture that he would not accept office unless he had a majority excluding the Communist vote. He laughed and said Indonesia was not France.

I then went back to his statement that tension might be expected to continue during the pre-election period and said (paragraph A 1 Department telegram 777) that both President Eisenhower and Vice President Nixon had expressed great interest in the progress so far made towards the holding of Indonesian national elections and I observed that many speculations had come to my attention in Indonesia as well as elsewhere that the elections would not be held in 1955 and would be postponed from time to time on some pretext or other. The President said there are many difficulties, not all of which are technical, in the way of holding the first general elections in this country but that he felt they would be held. Sukarno said that no one would welcome elections more than he himself.

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[1] *Supra.*

[2] Pierre Mendes-France, Premier of France.

That until elections were held he could have no certain knowledge as to which political party was in fact the strongest in the country and he was beset by claims from PNI, Masjumi and even PKI that each had the greater strength and more truly represented the mass of Indonesian people.

I said that, speaking as a friend, I thought it would be useful if some categorical statement could be made by someone in authority to the effect that the elections would be held in 1955; he said that I might tell my President that "the elections must and shall be held". I thanked him for this assurance and said that I would communicate it to my government but I wondered if it would not help if such a statement were made publicly. He laughed and said, "you are indeed a friend to make the suggestion and I will make such a statement in my speech at the PNI party reception at Bandung this coming Saturday."[3] Sukarno said that if he made such a statement on such an occasion it would be taken as a commitment by PNI as well as by the press; that many people in Indonesia charge him with being a PI [*PNI*] supporter, but he was above politics. I asked whether he proposed to attend the Masjumi party conference this year as he had done some years ago. He replied that he had not been invited.

CUMMING

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[3] Dec. 18. See telegram 970, *infra*.

No. 306

756D.00/12-2254: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, December 22, 1954—1 p. m.

970. I had an hour's conversation with Vice President Hatta this morning, gave him greetings from Vice President Nixon and (all paragraph references are to Deptel 777)[1] regarding paragraph A1 expressed President Eisenhower and Vice President Nixon's interest in election progress, saying critics of Indonesia abroad as well as in country were continuing to charge that elections would be indefinitely postponed. Hatta expressed confidence that elections would be held in 1955; that former Minister Home Affairs Hazarain had done everything possible to obstruct progress, believing that PIR would disappear (which Hatta said it probably would)

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[1] Document 304.

when elections held; that new Home Minister Soenarjo was determined to push forward with elections because his party, Nu, was steadily losing strength due to Moslem criticism of Nu's participation in government and consequent indirect association with PKI. While PIR's existence depended upon postponement elections, Nu's existence and possibility of participation in Masjumi Government depended on early elections before their voting strength had waned. I stressed personal feeling public statement by some one other than Prime Minister that elections would be held was important and said I wondered why President Sukarno had made no reference to this point in his PNI party speech at Bandung despite his assertion to me that he would. Hatta said he agreed with my view as to importance such statement and would try to say something in one of his speeches.

Re paragraph B3. Hatta considers Aidit's claims substantial expansion PKI membership grossly exaggerated. He thinks there have been slight gains in party membership (he disclaims knowledge actual figures but agreed with my suggestion that they might be in the order of 25,000 to 30,000 card holders) but thought that voting strength was "fairly large" due first to their successful identification of PKI program with PNI and other nationalist programs; second, to increased participation of highly placed dupes in front organizations; and third, government's support of PKI adoption of hammer and sickle insignia on ballots to include PKI and non-party voters. Hatta considers, and I agree, greatest Communist danger is in continued infiltration of intellectual circles and continued compromises by PNI to retain PKI support—he minimizes danger of Communist coup even if elections go against PNI "and when Masjumi come into power".

I asked Hatta his view as to importance that should be attached to the new rumors I had heard of increasing dissatisfaction with leftward trends of government policy amongst government officials, younger intellectuals and especially within the Army. He said there was no doubt but that many of these people including some moderate Masjumi party members were beginning to feel situation was so serious as to require some "strong action". He said that an important contribution to political stability lay in the increasing success of efforts by all army officer factions to reconcile their differences and unite. I asked whether he thought that in this process the impetuousness of younger officer elements such as, for example, October 17 group, would infect more conservative-minded officers. Hatta opined that there were enough calm leaders (implying, in my opinion, himself) to prevent any rash action, and went on to emphasize that settlement of differences within officer corps very greatly enhanced army's ability to take care of Communists if force were needed.

With reference to paragraph A4 I said that I was personally somewhat embarrassed that after strenuous efforts following conversations with Prime Minister Ali and Defense Minister Iwa I had been able arrange MATS transport for Indonesian officers proceeding US but that advantage had apparently not been taken of this generous arrangement. I went over with him a breakdown prepared by my army attaché, showing that for the Indonesian Army 90 students had been allotted for FY 55; 22 had accepted; 21 had declined; and 47 were pending. At his request I left with him on plain paper a copy of this breakdown and he said he would look into the matter at once to see if he could do anything about the "obvious cause of the delay". I surmise, of course, that he referred to Iwa and anti-American circles around Iwa.

I mentioned the point in paragraph A2—he made no comment. With regard to A7 he expressed a desire to receive full documentation on all that had officially been released on the subject. I promised to try to compile this for him but, in order to overlook nothing would appreciate anything Department can send me.

With regard to A6 he said that despite anything I might hear to the contrary it was his opinion that there was no possibility whatsoever of the enactment of legislation implementing Ong's[2] investment policy statement until the Masjumi came into power. He said that every effort made by Ong and conservative PNI elements to bring such legislation forward had been blocked by left-wing PNI, and he inferred the Prime Minister himself, because of the wish or necessity of placating the PKI.

Re the general political scene Hatta thought PNI and PKI were showing vigorous leadership and felt that both were very skillful in taking the initiative. He felt that Masjumi Party organization had improved and strengthened and that this had had some effect in creating a certain limited dissatisfaction amongst SOBSI members with their Communist leadership. He added, a little sadly I thought, that the present weakness of Masjumi was its inability to produce a leadership as vigorous as that displayed by PNI and PKI which could properly guide and use the very good Masjumi Party organization in the villages. He added that he hoped that the Masjumi Party Congress tomorrow in Surabaya would produce some progress in this direction.

In conclusion Hatta said that he hoped I would come to see him more often here in Djakarta or at his country rest house. I tentatively suggested that I had not seen more of him because I did not want to subject him to charges of too close association with the American Ambassador. He said that he could take care of that and that I should visit him more often. I will do so.

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[2] Ong Eng Die, Minister of Finance.

Throughout conversation Hatta was extremely friendly and frank. He many times used the expression "when Masjumi come into power". I felt that he is confident of a Masjumi victory but is worried, as stated above, about the weakness of Masjumi leadership in the face of vigorous PNI leadership and the steady PKI encroachment into and upon nationalist circles.

CUMMING

No. 307

756D.00/12-2454: Telegram

The Ambassador in Indonesia (Cumming) to the Department of State

SECRET DJAKARTA, December 24, 1954—noon.

986. Had over an hour not very productive conversation with Foreign Minister this morning. Gave him Secretary's Christmas greetings which he reciprocated. Only mention of Irian was heartfelt appreciation for US abstention in GA vote.

Following reference to Deptel 777.[1]

A-1. Elections will be held 1955. New Home Minister honest and vigorous and is personally and politically interested in pressing forward with elections in contrast to predecessor (this corroborates Hatta's statement to me the other day).

A-3. Bitter criticism not so much of American press direct misrepresentation of Indo scene as hurt that government's point of view not given equal space. No promise by Foreign Minister to improve conditions of entry for US correspondence.

A-5. Foreign Minister, Education Minister and Prime Minister pressing Monetary Board for favorable decision. Preliminary analysis terms of FCN treaty now on Foreign Minister's desk for his personal study (actually showed me file). He himself wants to go ahead but not sanguine rapid progress.

A-6. Foreign Minister and Finance Minister anxious to press ahead with already prepared draft bill but Agriculture Minister and others are delaying in effort reconcile foreign investment policy bill with land reform projects.

B-1. Increase last few months in Soviet bloc trade agreements partly coincidental and partly due political necessity showing public something being done counteract economic effects China embargo.

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[1] Document 304.

B–3. Discussed at length with usual disclaimers PKI direct or indirect influence over government; "actually it is PKI who have to make adjustments to government policies". I stressed the adverse effect of government taking no action against PKI use of party symbol to cover PKI and independent voters. Foreign Minister said confidentially this point received prolonged consideration during a special Cabinet meeting last night. Cabinet was divided upon course of action to be taken but he and Prime Minister hoped authorization to PKI would be revoked before "more harm was done". He said that in Central and Eastern Java PKI was definitely losing support and PNI gaining.

C–1. While government leaders might make strong statements against Dutch for bargaining purposes Cabinet was well aware of danger of letting mass emotions get out of hand and internally was trying restrain extremists instigated by PKI. I pointed out danger of PNI leaders making publicly statements that might play into PKI hands.

C–3. Foreign Minister said that action, which he did not specify, would be taken in near future which he thought would satisfy my observations on necessity of support of independence of Laos and Cambodia by their neighbors.

CUMMING

THE PHILIPPINES

UNITED STATES RELATIONS WITH THE PHILIPPINES: INTEREST OF THE PHILIPPINES IN IMPLEMENTATION OF THE MUTUAL DEFENSE TREATY; CONCERN OF THE UNITED STATES OVER THE 1953 ELECTIONS IN THE PHILIPPINES; REVISION OF THE TRADE AGREEMENT[1]

No. 308

796.5/2-1552

The Acting Secretary of State to the Secretary of Defense (Foster)

TOP SECRET WASHINGTON, February 15, 1952.

MY DEAR MR. SECRETARY: I refer to the Department's letter of January 8, 1952 which concurred with the draft letter,[2] prepared by the Department of Defense, to the President requesting his approval of the diversion of $5 million from a special fund which was established with the President's approval in May 1951 to insure the continued pay and maintenance of the Philippine Armed Forces.

Subsequent to this concurrence the American Embassy in Manila advised the Department that President Elpidio Quirino had proposed that any savings, roughly estimated at $1.2 million, which might be made in the Philippine military budget as a result of the special $5 million American grant be used to purchase loose unsurrendered firearms in the Philippines. The purchase of loose firearms is an important part of the Philippine Government's pacification program. As you will recall, substantial stores of arms and ammunition were abandoned by the United States Armed Forces in the Philippines following the termination of hostilities against Japan. Much of this equipment continues to find its way into undesirable hands and to be used against the Philippine Government, not only by scattered individuals, but also by the Huks. The United States has consistently encouraged the Philippines to remove these arms from uncontrolled circulation by any means available.

The American Embassy in Manila has recommended approval of this request by President Quirino and the Department concurs.

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[1] For previous documentation, see *Foreign Relations*, 1951, vol. VI, Part 1, pp. 132 ff. and Part 2, pp. 1491 ff.

[2] Neither printed.

It is suggested that favorable action on this proposal be expedited since the Philippine Government is most anxious to liquidate the Huk military problem as quickly as possible, by taking advantage of the impressive gains it has made against the Huks during the past year.[3]

Sincerely yours,

For the Acting Secretary of State:
LIVINGSTON T. MERCHANT
Special Assistant to the Secretary for Mutual Security Affairs

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[3] On Feb. 25, President Truman approved the proposal for allocation of $3.8 million to augment the Philippine Army and $1.2 million to purchase loose firearms. (796.5/3–352) This information was conveyed informally to Philippine Ambassador Carlos Romulo on the same day and to the Embassy in Manila on Feb. 28. (796.5 MSP/1–1852)

No. 309

896.16/4–1852: Telegram

The Secretary of State to the Embassy in the Philippines

RESTRICTED WASHINGTON, April 18, 1952—1 p. m.

3197. For Emb and STEM from State and MSA. Re Hardie Report on Phil Land Tenure Reform.[1] Inter-Agency Comite on Land Reform after careful review and analysis endorsed on Apr 17 report in fol terms:

"This report is sound, feasible and adequate for that segment of land reform which it deals with, namely conditions of land tenure. It meets, insofar as land tenure is concerned, the requirements of the present economic, social, and political situation in the Phils. It is in accord with the recommendations of the Bell Mission Report, the Quirino–Foster Agreement of Mar [*April*] 27, 1951[2] and the joint resolution of the Phil Congress, No. 23, Feb 2, 1951.

"It is strongly recommended that the Emb and the STEM at Manila support by all possible means the recommendations of the report. Time is of the essence. The rural people of the Phils shld know promptly that their Govt means to take immediate and specific action to improve the land tenure situation in their country, and this endeavor will enjoy the full support of the US Govt.

"The recommendations in re to (1) creation of owner-cultivators of family-sized farms, (2) creation and maintenance of fair tenancy practices and (3) strengthening the minimum wage law are sound as to over-all objectives and procedure. The recommendations with reference to (4) trans and registration of land titles and (5) improvement of inheritance laws are absolutely necessary in order to complement the other recommended action. The gen authority requested and the administrative procedure outlined appear to be adequate and desirable.

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[1] The report had been prepared by Robert S. Hardie, Land Tenure Specialist with the Mutual Security Agency in the Philippines.

[2] For text, see TIAS No. 2498; printed in 3 UST 3707. For related documentation, see *Foreign Relations*, 1951, vol. VI, Part 2, pp. 1523 ff.

"The Comite has not concerned itself with the details of legislative proposals contained in the report and considers that these are properly matters for the attn of the Phil Govt.

"The Comite is pleased to note that the Emb and STEM are giving consideration to several other segments of land reform which are also essential in the Phils. The Comite believes that there is need for prompt action in: (1) expanding the land settlement program and in strengthening it with appropriate safeguards to assure its long-time effectiveness, (2) providing adequate rural credit facilities, both public, coop and private, to meet the needs of the small farmer, whether owner or tenant, (3) improving marketing facilities so that the small farmer receives an equitable share of the market value of his produce, (4) encouraging institutions, such as cooperatives and farm organizations, through which the farmers themselves can contribute toward improving their lot and protecting their interest, (5) encouraging small industries in rural areas through which farmers can utilize their spare time to supplement their farm income, and (6) increasing the farmers' income by expanding production through the use of improved agri practices."[3]

ACHESON

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[3] On Dec. 15, William S.B. Lacy, Counselor of Embassy and Deputy Chief of Mission at Manila, wrote to Philip W. Bonsal, Director of the Office of Philippine and Southeast Asian Affairs, on the subject of land reform in the Philippines. Lacy's letter contains the following passages:

"On land reform I regret to report that there has been no progress at all on the main question, the redistribution of large private estates owned by absentee landlords. The President has indicated to the Ambassador that this whole subject is distasteful to him, and we have found very little support for it elsewhere in the Government. Within the last week the President has announced that the Government was abandoning its policy of purchasing private lands for resale to tenants, giving as his reason that the Government had no money with which to continue this program. The possibility that this Administration can be prevailed upon to undertake a mandatory land transfer program is more remote than ever. The setting aside of idle public lands, for sale to small homesteaders in 10-hectare plots, for payment in kind, is as far as the Government has yet shown any indication of willingness to go. By such a program, coupled with well-publicized exhortations to the Land Registration Office to expedite the issuance of titles, and to issue them without favoritism on a first-come-first-served basis, the Government is attempting to deal with and dismiss the land reform question.

"In deference to a specific request that the Hardie Report not be disseminated, which the President made to him in the course of recent conference on defense questions, the Ambassador has not given this Report the circulation he had intended. He has provided a few copies, on individual request, to the President of the Senate, a few Senators, and other officials, and three or four were handed to local American newspaper men for their background information. Copies will continue to be given out to responsible persons asking for them. The Report has received no out-

Continued

No. 310

694.001/8-1152: Telegram

The Acting Secretary of State to the Embassy in the Philippines

CONFIDENTIAL WASHINGTON, August 19, 1952—5:22 p. m.

453. Dept wld also have preferred not to exchange ratifications of Mutual Defense Treaty[1] until the Phil Senate had given its concurrence to Jap Peace Treaty. As practical matter, however, and as pointed out by Embtel 420 of Aug 11, 1952,[2] this not feasible, as a refusal to exchange ratifications wld give Nacionalista senators unparalleled opportunity to make this a polit issue. They undoubtedly wld allege that US was trying to exert pressure in an internal matter, that Quirino Admin was being punished for not being able to deliver on "the package deal", that US was much more concerned about Jap than Phils, that US did not intend to defend Phils and that it must consequently adopt a neutral position, that this clearly demonstrated that ANZUS was attempt by the "whites" to dictate policy in the Pac and that Phils was now being definitely excluded. Such a propaganda barrage might seriously weaken the Quirino Admin and might render futile any further efforts it might make to secure Senate concurrence to Jap Peace Treaty. Accordingly the Amb is instructed to proceed with the exchange of ratifications and in private conversation with Quirino and Elizalde[3] review US position along these lines:

"There was a clear understanding between our two Govts concerning interdependence between this Treaty and Jap Peace Treaty. This understanding was explicitly expressed in a ltr to Amb Romulo, then Secy Fon Affairs, from Dean Rusk, then Asst Sec State, dated Aug 29, 1951, as follows:

> 'In connection with the Mutual Defense Treaty which we are about to sign I want to confirm to you our understanding that there is an interdependence between this Treaty and the con-

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side attention of Government circles, and within the Government the few individuals who have read it have tended to shy away from discussion of it. I have not heard of specific parts of the Report having been singled out as inaccurate, but as you know, neither the Embassy nor STEM considered it perfect.

"To accomplish the land reform we want, I fear we have a long and difficult road ahead." (796.00/12-1552)

[1] The United States-Philippines Mutual Defense Treaty was signed on Aug. 30, 1951, and entered into force on Aug. 27, 1952; for text, see TIAS No. 2529; printed in 3 UST 3497. For related documentation, see *Foreign Relations*, 1951, vol. VI, Part 1, pp. 132 ff.

[2] Not printed.

[3] Philippine Foreign Secretary Joaquin M. Elizalde.

> templated Jap Peace Treaty in the sense that it is assumed that both of us will sign and ratify both Treaties.'[4]

"Although it wld be justifiable to postpone action on Mutual Defense Treaty until such time as Phil Senate votes on Jap Peace Treaty, we regard as of highest importance strengthening of treaty fabric of peace in Pac. Since Mutual Defense treaty is one of its cornerstones, we are proceeding with exchange of ratifications without delay."

The Dept is not planning to give exchange of ratifications any particular publicity. It will be remembered, however, that Admin in its presentation to Senate of US of "Jap Peace Treaty and Other Treaties Relating to Security in the Pac" pointed out that Mutual Defense Treaty "presupposed the ratification of the Jap Peace Treaty by the US and the Republic of the Phils". (Annex 4 of Mr. Dulles' ltr of Jan. 7, 1952, to the Secy.)[5] Only if press shld seize upon this point will Secy in press conference make a statement, which wld be along these lines:

"Like the treaty between Austral, NZ, and the US, the Mutual Defense Treaty between the Phils and the US forms a vital step in the treaty fabric of peace in the Pac. At the time of the conclusion of these treaties it was understood that they were part and parcel of the Jap peace settlement and the related treaty program for creating peace and security in the Western Pac area and presupposed the ratification of the Jap Peace Treaty by all parties to the security treaties. That understanding, which still exists, was intended to make clear that the re-establishment of relations with Jap was a prerequisite to the bldg of a more comprehensive system of regional security in the Pac area. Although Pres Quirino has strong recommended approval of the Jap Peace Treaty, the Phil Senate has not yet voted on whether or not to give its concurrence to the Treaty. The US however does not wish that there shld exist any doubt as to the validity of its intent to regard aggression against the Phils as a threat to its own peace and safety. For that reason we are proceeding with the exchange of ratifications."

If at the time of the exchange of ratifications the Amb believes it wise to make a public statement, he is authorized to make this or a similar statement. Full text shld be telegraphed to the Dept.[6]

Timing of notification of US readiness to exchange ratifications left to discretion of Amb who might consider it desirable to show no haste in view package deal. ANZUS furor, and Phil slowness in settling tax questions relating military bases.[7]

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[4] For text, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 250.

[5] Not printed.

[6] Ambassador Spruance forwarded to the Department the text of a statement which he intended to make on the exchange of ratifications. It followed the lines set forth in the paragraph quoted above. (Telegram 566, Aug. 23; 796.5/8-2352)

Any comments Emb may wish make wld be appreciated.

BRUCE

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[7] The exchange of ratifications took place on Aug. 27, on which date the treaty entered into force.

No. 311

796.5 MSP/9-252: Telegram

The Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, September 4, 1952—10:26 a. m.

617. Reur 640, 647 and 651[1] Romulo had conversation with Acheson Aug 12 in which he expressed, according to him on instr of Quirino, latter's complete understanding of purpose ANZUS Conference in Honolulu[2] and reassurance that Phil Govt aware that ANZUS Treaty[3] merely brought Austral and NZ up to status already obtained by Phil in relations with US. Romulo did not discuss any implementation of US-Phil Mutual Defense Treaty. He did however suggest urgent consideration shld be given to formation some form of non-mil Pacific Council to have only advisory powers and to discuss primarily econ, social and cultural coop. In first instance Romulo believes this Council shld be composed only of US and those Pacific states which now have security treaty relationships with it namely Japan, Austral, NZ and Phil. He contends this wld be a logical group to compose initial body and it might in due course attract other nations of Pacific particularly if it were made clear membership in this Council implied no mil commitments of any sort. While Dept sees certain obvious drawbacks and disadvantages to Romulo's proposal nevertheless Sec agreed proposition was worth studying. Romulo maintains early formulation of some such assoc or council will go far to obviate criticism directed at Amer as result misunderstandings of purposes and scope of

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[1] These telegrams all deal with reports from Manila concerning interest of Philippine officials, particularly Foreign Secretary Elizalde, in Philippine inclusion in the ANZUS arrangements for implementation, along the lines of the ANZUS apparatus, of the U.S.-Philippine Mutual Defense Treaty, which had recently entered into force. (796.5/8-2952; 796.5 MSP/8-2952; 796.5 MSP/9-252)

[2] The meeting took place Aug. 4–7; for related documentation, see Part 1, pp. 172 ff.

[3] For text of the Security Treaty between the United States, Australia, and New Zealand, signed Sept. 1, 1951, and entered into force Apr. 29, 1952, see TIAS No. 2493, printed in 3 UST 3420.

ANZUS mtg which was in many places interpreted as a "white man's group" which was presuming to dispose of fate of Asiatic nations.

Romulo states his proposal was result inspiration he recd, from editorial in *New York Times* Aug 10 which spoke of vacuum created by dispersal of FEC. This probably source Elizalde's statement ur 647.[4]

Dept agrees with Emb's attitude outlined ur 651 re inclusion of Phil in ANZUS arrangements[5] and there is no likelihood that US cld at this stage agree to such an inclusion nor if it did agree obtain agreement of Austral and NZ. Whole question of Brit and Fr participation wld be raised if Phil shld persist in this endeavor with obvious adverse consequences.

Emb's comments on Romulo's suggestion as outlined above wld be appreciated.

ACHESON

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[4] Telegram 647 reported that Elizalde characterized as "foolishness" a proposal which he understood Romulo had made for reactivation of the Far Eastern Commission. (796.5 MSP/8-2952) The Commission ceased to function following the signature of the Japanese Peace Treaty in September 1951; see *The Far Eastern Commission, 1945–1952* (Washington, Government Printing Office, 1953), p. 231.

[5] The Embassy indicated it was undesirable for practical reasons to include the Philippines in the ANZUS arrangements. (796.5 MSP/9-252)

No. 312

796.5 MSP/9-852

The Ambassador in the Philippines (Spruance) to the Secretary of State[1]

CONFIDENTIAL MANILA, September 8, 1952.

DEAR MR. SECRETARY: There have been exchanges recently between Manila and Washington of various views as to what the MSA program for the Philippines for the Fiscal Year 1954 should be. Since I consider this program to have a very important bearing on what we shall be able to accomplish in the Philippines, I am submitting to you my ideas on the situation here, as briefly as possible but still at some length.

To begin with, I think our chief reason for the Bell Mission and for our present economic and military aid program here is to prevent the country from falling into the hands of the Communists through the success of the Huk movement, and to get the country in such a condition of social order and justice that there will be no breeding ground left for a further Communist movement.

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[1] Copies of the letter were sent to John M. Allison, Assistant Secretary of State for Far Eastern Affairs; Willard L. Thorp, Assistant Secretary of State for Economic Affairs; and Roland R. Renne, Chief of the Mutual Security Agency Mission in Manila.

In fighting the spread of Communism in the Far East, we also have as a most important objective the prevention of Japan from going Communist, and her retention among the free nations of the world as a potential ally.

To be kept out of the Communist camp, Japan must be able to trade with the free nations and obtain the materials and the markets needed to support her ever increasing population. Agriculturally, except possibly for Hokkaido, Japan has expanded to the limit of her capabilities. She can produce no more food, but must depend on imports of food and raw materials. She is an industrial nation and must manufacture the raw materials she imports, export and sell them abroad. If all of the free countries of the Far East industrialized to the limit of their capacities and failed to increase their capacity for the production of food and raw materials, the result might be the forcing of Japan into the arms of the Communists.

To return to the Philippine situation, I am convinced, after a seven months' period of study and observation of the country, that the basic cause of the current low standard of living, underemployment and unemployment among the mass of the people stems primarily from poor land use. This involves a number of things, among which may be mentioned: (1) lack of cadastral surveys and the inability of the small holder to obtain a legal title to his land; (2) large scale absentee landlordism; (3) lack of public roads to open up new areas of public lands and to obtain good access to markets from areas already opened up but underdeveloped; (4) adequate public health measures to combat malaria and schistosomiasis in new areas of public lands and in underdeveloped areas, such as Mindanao and Mindoro; (5) irrigation, particularly in rice raising areas; and (6) the present incidence of taxation, which falls primarily on business and consumption and so raises the cost of living to the mass of the people, and which does not fall on land values and so does nothing to prevent land purchase and land holding from being the favorite investment of the small but wealthy class of Filipinos who control the country economically and politically.

If the foregoing estimate is correct—and I feel sure that it is—, it follows that our major effort should go to clearing up the basic land problems and not to pushing the industrialization of the Philippines.

The current political situation in the Philippines is that neither Quirino or Lopez in the Liberal Party, nor Laurel or Recto in the Nacionalista Party, have shown the slightest indication of taking any interest in land reform. The Liberals control the House of Representatives and the Nacionalistas, the Senate. Quirino's control of his own party in the House is not too firm. The result is that the chances of getting the necessary laws through the Congress to effect land reform are very poor, *unless we have something to give which the Filipino politicians want badly and which we can and will withhold if we do not get our land reform legislation.* Even if we do get the laws we want on the statute books, an honest and effective execution of these laws still remains to be accomplished. Quirino is quite obviously campaigning for re-election, and he will do nothing that he feels will jeopardize his chances in this respect. The millions of dollars which the United States gives to be spent by MSA (including JUSMAG) in the Philippines is about all we have to offer in exchange for the laws we require for land reform and for an honest execution of these laws.

I shall now discuss the question of industrialization. This may be considered on the bases of (1) what industries are practicable in the present state of the Philippine economy and (2) whether the United States should extend a large amount of MSA aid to help industrialization at the present time.

The establishment of industries which will process Philippine raw materials that are now available or can be economically produced here is undoubtedly sound. Examples of such industries are tobacco, cement, sugar refining, rice milling, copra processing, lumber milling and the processing of mineral products. A factory to manufacture bags for sugar and rice is about to start production, at first using imported jute but eventually to operate with Philippine-grown kenaf. This is a new Soriano company, as is the glass plant which now supplies most of the Philippine requirements for bottles. Colonel Soriano is also investigating the possibilities of producing paper from Philippine forests.

The successful establishment of industries such as the above requires careful investigation of sources of raw material, cost of plant and of production, and market availability. Since the difference between success and failure in such an enterprise is often narrow, the ability to undertake it and to carry it through to successful operation involves not only a thorough knowledge of the product, but also the selection of competent management to run the industry after it is in operation. As the amount of managerial talent so far developed among Filipinos is not large, it follows that most of the managers of industries in the Philippines will still be found to be foreigners. The national corporations of the country, which are quite naturally, managed and staffed by Filipinos, have not been notably successful. Much of this is due to politics, however.

I turn now to the question of whether the United States should extend a large amount of MSA aid to help industrialization at the present time.

The present economic climate in the Philippines is not favorable to the investment of foreign capital, and this includes American capital. This is not only the opinion of the best qualified officers of the Embassy staff, but also of nearly all of the representatives of American business in the Philippines who have a real knowledge of what goes on in the country. This unfavorable economic climate is evidenced by such things as the import control, the foreign exchange tax, the reduction in quantity or the total elimination, either by law or by executive order, of the importation of specific items of trade, and, in general, the heavy incidence of taxation on business enterprise previously mentioned. Probably much, if not all, of the above may be expected in a newly independent country; but, at the same time, it is not conducive to the entry of new American capital, particularly when the capital previously invested here finds itself prevented from leaving the country.

The point I am trying to make is that I do not think that the substitution of public capital from the pockets of the American taxpayer for industrial enterprises in the Philippines, in place of private American capital, will tend to promote the favorable climate for private capital which we believe should be encouraged.

A second aspect of this question is my very grave doubt as to whether the investment of the American taxpayer's money in the Philippine industry, as proposed by MSA in the FY1954 budget, could be adequately safeguarded. In this connection I refer particularly to the procedure described in Musto A-63 and discussed in MSA/Manila Tomus A-101 of 18 August 1952 and Tomus 335 of 26 August 1952.[2]

I inquired of a representative of Colonel Soriano at the opening on 1 September of the Industrial Textiles Manufacturing Company, Inc., of the Philippines (for the manufacture of sugar and rice bags from jute and kenaf) how long Colonel Soriano had investigated the possibilities of establishing this industry. I was told that he had gone into the subject for a period of eight months and that in such an investigation he employed officers from his own companies and outsiders as well, when special talent not otherwise available was needed.

Colonel Soriano has a record for the establishing of successful new industries in the Philippines, which is outstanding. On the other hand, the attempts on the part of the Philippine Government, both during the regime of Governor General F. B. Harrison[3] and since, to establish new industrial enterprises or to operate old ones have, as a rule, been more successful politically than financially.

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[2] None printed.

To summarize, I believe:

(1) That our efforts in the Philippines exerted through MSA should be devoted primarily to helping solve the land problem, which is basic to creating sound economic conditions here and so to removing grounds for Communist penetration, and to a proper integration of the Philippine economy with that of Asia and the rest of the free world;

(2) That reforms in land tenure and its allied problems will not be accomplished by either of the two present political parties unless we are able to bring major pressure to bear on the Philippine Government;

(3) That to devote large sums of MSA money to the furtherance of industrial projects in the Philippines will be very popular here, as industrialization is much talked of as a panacea for the present economic ailments, but it will not contribute directly toward the bringing about of land reform;

(4) That a program of forced industrialization of the Philippines will not contribute to the success of our Japanese policy as well as a program of increasing the production of food, semi-processed and raw materials;

(5) That the substitution of American public capital for private capital for industrial projects will not tend to improve the present unfavorable economic climate in the Philippines; and

(6) That the methods proposed by MSA to channel public funds into industrial projects are not such as are apt to be successful in avoiding loss of the American taxpayer's money.

The above has been read by six of the principal officers of the Embassy staff, and it meets with their concurrence. Dr. Renne of MSA has also read it, and has asked me to add a statement about the discussion which was held between Dr. Renne and myself and members of our respective staffs regarding the FY1954 program.

As a result of my objections to the original MSA FY1954 program, which allocated $10,000,000 to industrial projects and had an inadequate road building program, a revised program was submitted allocating $5,000,000 to industrial projects and about $5,000,000 for agriculture, which included roads.

In agreeing to the $5,000,000 item for industrial projects, it was my understanding that such projects would be scrutinized with great care and would be primarily those which would process raw materials produced in the Philippines; and that any part of this $5,000,000, which could not profitably be used for such projects, could and would be diverted to agricultural and allied projects which would assist the land reform program.

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[3] U.S. Governor-General of the Philippines, 1912–1921.

Should this diversion not be permitted, my support of $5,000,000 item for industrial projects would be withdrawn for the reasons outlined in this letter.

Respectfully yours

R.A. SPRUANCE

No. 313

796.5 MSP/9-952: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

SECRET MANILA, September 9, 1952—9 a. m.

720. September 8: In response Elizalde's request further information Acheson-Romulo conversations (Embtels 640, 647),[1] Lacy called on Elizalde a. m. September 8 and supplied him personal secret memorandum embodying substance purely repertorial portions Deptel 617, September 4. This follows air pouch.[2] All views of Dept in para 1, final sentence para 2, all of para 3 and 4 omitted. Elizalde having finished perusal memorandum launched into excoriation Romulo and his tactics which he labeled dishonest and dangerous. He said that Quirino was "infuriated" by Romulo's efforts in this matter to inflate his own importance, having acted in important particulars without Presidential instruction.

Elizalde then produced what he described as full docket on US-Phil Treaty-ANZUS business, allowing Lacy to read many pages and himself reading even more aloud. Following conclusions seem justified on basis exposure to dossier:

(1) Romulo acted without Quirino's permission in suggesting "advisory council" of Pacific nations,

(2) Regardless of (1) above, Quirino and Elizalde will favor proposition or some modification thereof if they believe that Department and White House will receive it sympathetically,

(3) Acceptance by US of Romulo proposal advisory council will not obviate for indefinite period request from Phils for fuller participation military planning in the nature of that arrangement which they believe to be embodied in ANZUS arrangements,

(4) If and when Quirino and Elizalde learn that Department is sympathetically disposed toward Romulo's proposal, Quirino now plans to address letter to Truman asking Truman's concurrence

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[1] See footnotes 1 and 4, Document 311.

[2] Not printed.

"in the principle" of advisory council Pacific nations; Quirino will probably add that he does not expect such a proposal to be activated until after Phil ratification Jap Treaty and probably Phil recognition Associated States of Indochina,

(5) Questioning Elizalde revealed fairly definite statement that Quirino realized no Pacific arrangement possible until Jap Treaty ratified; that Quirino intends to recognize Associated States Indochina shortly after Jap ratification,

(6) Romulo prepared draft of letter to Secretary outlining to Secy "what we discussed in our conference in order that there may be a record thereof". This letter was to be delivered to Secy upon his return to Washington August 26 if Quirino approved draft which Quirino received about August 15. Quirino described by Elizalde as entirely dissatisfied with draft of letter because (a) it cash shadow on US motives in ANZUS arrangements and (b) acknowledged prevalence in Phil of criticism Phil exclusion ANZUS which Quirino and Elizalde have officially and publicly denied,

(7) Romulo said Allison had asked him to keep nature of proposal as well as substance his conversations with Acheson "from US Emb Manila as Department wished to handle this matter Washington". Quirino's complaint is that he does not believe Allison so desired and that Romulo at once "leaked" to INS and UP in order to enhance his position as architect of this plan.

Without urging, Elizalde gave Lacy on personal and secret basis, copy of Romulo's letter to Quirino dated August 12 in which conversations with Secretary and Allison are described. This follows air pouch.[3] Elizalde emphasized conversation on privileged basis and that substance and secrecy conversation must not be revealed to Romulo.

Lacy gave no indication of Department or Embassy view of Romulo proposal. Embassy believes that bargaining position vis-à-vis Phils on this as well as other matters may be enhanced by a reasonable exhibition of reluctance on part US.

Elizalde emphasized several times that Phil Govt did not wish to be fobbed off with a plaything instead of reality in this matter of implementation US-Phil Treaty and that it was for that reason he was eager to know soonest Department reaction to Romulo proposal or some modification thereof.

Embassy views proposal itself (ultimate para Deptel 617, Sept 4) follows soonest.

SPRUANCE

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[3] Not printed.

No. 314

796.5 MSP/9-1352: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

CONFIDENTIAL MANILA, September 13, 1952—9 a. m.

789. Sept. 12. Re Deptel 617, Sept. 4. Emb entertains serious doubts as to desirability Romulo's suggestions cited in reftel.

1. It appears highly unlikely that Australia or New Zealand would agree to such an arrangement, although Emb not of course in possession Dept's[1] to this point.

2. Embassy does not believe that Romulo's proposals would lead to emergence of an SEA convocation of states. It is highly unlikely that the SEA States on the mainland or Indonesia would be attracted to an association which included Japan, Philippines, US, Australia or New Zealand. As we have stated previously Embassy strongly favors the development of an SEA reg arrangement. It does not appear that Romulo's proposal would contribute to such a development. We believe that an SEA agreement must be wholly Asian, indigenously motivated, and must be preceded by ratification of the Japanese peace treaty and recognition by the Philippines of the Associated States. These steps, it appears to us, should be followed by some regional grouping which would include the Philippines, Thailand, Malaya and the Associated States and subsequently Burma and Indonesia.

3. From the point of view of either para 1 or 2 above the problem of the part to be played by Taipei remains unresolved. We inclined to believe that problem of Nationalist China would be less difficult if regional grouping included only SEA and not US, Australia, New Zealand.

4. Emb recognizes above suggestions do not solve problem raised by Embassy its No. 647, of August 29 and 651, September 2.[2] However, Elizalde told me today that he had no present plans to visit the US as he was too busy and that Quirino would not let him go. It is our view that implementation Philippine-US defense treaty should be considered completely apart from problem SEA unity and not drawn into one package as Romulo proposal seems to imply. My conversation with Elizalde leads me to believe that question of implementation not immediately pressing as Embassy

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[1] A notation on the source text indicates an apparent omission at this point.

[2] See footnotes 1, 4, and 5, Document 311.

feared last week. However, Embassy will continue to examine this question in light of local developments.[3]

SPRUANCE

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[3] The Department of State replied on Sept. 15, as follows:

"Dept agrees with position taken para 4 ur 789 that implementation Philippine-US Defense Treaty shld be considered completely apart from problem SEA unity. Dept suggests it might be helpful in present situation if forthcoming visit of Allison (now scheduled arrive Manila about Sept 30; exact date to follow) cld be interpreted by Filipinos as step in consultation under terms Philippine-US Defense Treaty. Allison was present at ANZUS Council mtg and wld be able give Phil officials complete fill-in on that mtg. Your comments requested and any suggestions you may wish give as to appropriate type of publicity to achieve desired purpose." (Telegram 734; 796.5 MSP/9-1352)

No. 315

796.5/10-1052: Telegram

The Ambassador in Burma (Sebald) to the Department of State[1]

SECRET RANGOON, October 10, 1952—4 p. m.

584. From Allison. Re Manila's 1074 to Dept.[2] Believe purpose Secretary's statement to Romulo as outlined Deptel 978 to Manila[3] misunderstood by Embassy Manila. Seriously question whether any substantive talks re defense can be held with Quirino although general nature of problem might be outlined by Radford in much same manner he did at Aug meeting ANZUS council. Main purpose of Manila meeting, as I see it is to assuage fears Filipinos that matters of moment to them being decided without their being given opportunity present their views.

Agree it would serve useful purpose and remove possible local political taint if leaders Nationalista Party invited to any formal talks. While I do not envisage anything in nature of a "conference" taking place, suggest it might be useful request Quirino to set up one formal meeting to which Nationalista leaders be invited. At such meeting Foster and Radford could give general statement re defense problems SEA and I could give report my visits to other SEA countries. Filipino leaders would then be asked to give their ideas and express their fears. Believe one day or half day spent in this fashion would have beneficial effect. Any other talks Foster and party wish to have with Filipinos could be on informal basis and without publicity.

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[1] Repeated to Manila.

[2] In telegram 1074, Oct. 9, Ambassador Spruance objected to not being consulted in advance concerning a decision to agree to the Philippine requests for bilateral talks in late October. He also suggested that, in order to lift the upcoming conference above the level of Philippine politics, where its subject matter was then an important issue, President Quirino be requested to invite leaders of the Nacionalista party to participate. (102.202/10-952)

[3] Telegram 978, Oct. 7, informed the Embassy in Manila and Allison, then in Bangkok, of Ambassador Romulo's call on Secretary Acheson that same day when he complained about Philippine exclusion from the five-power talks. Acheson pointed out that an invitation to the Philippines would have necessitated invitations to the Associated States, Burma, and Thailand, possibly endangering the productivity of the conference. Romulo had been assuaged by Acheson's observation that the visit of Foster, Allison, Nash, and Radford to Manila would provide a chance to review all subjects of mutual interest. Romulo then indicated that he would so inform President Quirino and an announcement would be made in Manila of the forthcoming visit. (796.5/10-752)

If Dept agrees and obtains concurrence of Foster with above suggestions, request Manila be informed and message repeated to me at Djakarta where I arrive night Oct 13. Am meeting Admiral Radford Hong Kong Oct 23 and at his invitation will accompany him Manila Oct 24, so I can brief him on latest Washington thinking this matter.[4]

SEBALD

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[4] On Oct. 11, the Department agreed with Allison's "excellent" suggestions and indicated that Foster concurred. (Telegram 554 to Djakarta, repeated to Manila as 1030; 796.5/10-1052)

No. 316

796.5/10-2952: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State[1]

SECRET MANILA, October 29, 1952—9 a. m.

Circr 38. Oct 28. From Allison. Believe conference held yesterday[2] was of real value not only in assuaging Phil sensibilities but also in bringing home to Phil leaders, incl Nacionalista President of Senate Rodriguez and Speaker of House Perez, certain US beliefs re Phil actions necessary in order to implement any mutual defense plans. With full encouragement of Quirino and Elizalde, importance of Phil ratification of Jap Peace Treaty and recognition of Associated States of IC was stressed in conference and was included in official communiqué. While Senator Rodriguez appeared impressed with necessity of such action, he made no commitments as to what his party would do. However, this morning's *Phil Herald* reports that question of ratifying Jap peace treaty "will be taken up at a non-partisan caucus next Monday. The projected caucus was a result of the defense talks yesterday between Amer and Phil top officials." *Manila Bulletin* carries most complete although in part definitely inaccurate accounts of conference and copies are being forwarded airpouch. Talks throughout day were held in most friendly atmosphere although there was noticeable coolness on Phil side when Amers stressed necessity free elections and land reform if full internal stability was to be assured.

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[1] Repeated to Taipei, Bangkok, Tokyo, Djakarta, Rangoon, Saigon, and Singapore.

[2] A record of the meeting prepared on the basis of tape recordings taken by Philippine personnel is in file 796.5/2-953. This record does contain numerous omissions which were attributed to technical difficulties.

The meeting was held in two sessions, morning and afternoon, with President Quirino presiding. Among those present on the U.S. side were Ambassador Spruance, Foster, Allison, Nash, and Admiral Radford, and Maj. Gen. Albert Pierson, Chief of JUSMAG. The Philippine participants included President Quirino, Foreign Secretary Elizalde, Defense Secretary Ramon Magsaysay, and other political and military figures.

Phils suggest desirability of increase in nbr of reserves receiving trng and pointed out that there were approx 100,000 Phil youths of 20 yrs of age available annually for milit training and that if additional equip could be received it would be possible to develop a trained man-power reserve in the Phils which would be of significant value should any further outbreak of Chi Communist aggression in Pacific area require joint action. Amer side agreed potentialities of use such reserves should be carefully studied and agreed to recommend that a joint Phil-US group be set up to study all phases this problem. I suggest that on Amer side, this group should consist of reps AmEmb Manila plus representatives of JUSMAG and MSA Manila. All Amer officials agreed after conference that it would be a mistake not to take advantage in some way of strong Phil desire to play active part in fight against communism. Report of group such as suggested above should give us a better basis for estimating just how Phil potentialities can best be utilized.

It was made clear to Phil leaders, particularly by Adm Radford, that while under present circumstances Phils have no reason to fear aggression from without, nevertheless, US could not properly fulfill obligations under Mutual Defense Treaty and Bases Agreement unless present uncertain status of Amer title to and use of bases be regularized. It was agreed Amb Spruance and Foreign Secy Elizalde, or their representatives, would look into this matter at once with view to reaching a satisfactory solution.

Only editorial comment to date on conf had been brief statement in *Evening News* Oct. 27, obviously written prior conclusion conference and based on Foster's statement to press on arrival. "The conference was vitally important". Editorial is friendly and stresses importance of both nations standing together under present circumstances.

SPRUANCE

No. 317

796.00/10-3152

The Counselor of Embassy in the Philippines (Lacy) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

MANILA, October 31, 1952.

DEAR JOHN: The Ambassador and I have certain "security" reasons for believing that the subject matter with which I am here concerned had best not be passed by telegram, despatch or typed letter; therefore we are obliged to subject you to my poor efforts at penmanship.[1]

At about 6:45 P M yesterday evening, October 30, Magsaysay appeared, unannounced, at my house. I received him in the drawing room, where our conversation continued until about 7:20 P M. I shall enunciate the principal heads of conversation in such detail as I can to the end that you have some record of this remarkable incident to fall back on should any of the contingencies described by Ramon M. eventuate.

1. Magsaysay, obviously in a state of great concern, said that he had come from the Palace where the President had said, in the presence of others, that the army must be used to assure the success of the Liberal Party at the next election. This, he said, was to be accomplished through the use of the army "to report the results of the polling". Magsaysay says Quirino "*appeared*"[2] to have made this statement during a temporary "lapse of memory," forgetting Magsaysay's presence, and that Q "seemed" chagrined upon realizing that M had overheard the remark. I asked M if he had or would make a record of this statement. M replied that he had a dictaphone in his briefcase which he hoped had picked it up. I expressed astonishment and indignation upon receipt of Q's alleged purposes.

2. With several burning characterizations of Q as introduction, M stated that he, Magsaysay, could "ruin" Q if we would do two things: a) withhold the extension of the MDAP requested in Monday's conversation[3] until after the elections, and b) allow M to use publicly the *Aide-Mémoire* in which we accorded to M control of the $10 million fund for certain emergency purposes.[4] He added, with no little heat, that his people were "through" with Q and still

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[1] The source text was handwritten by Lacy.

[2] Underscored in the source text.

[3] Reference is to the bilateral talks held on Oct. 27; see telegram circr 38, *supra*.

[4] The *aide-mémoire* is not printed. Concerning the fund, see Document 308.

pinned their faith on the U.S. and its friend in the Philippines (meaning M).

I limited my responses to such sounds and gestures as would indicate that I understood him.

3. M then asked what he should do if Laurel wanted to see him to discuss M's possible candidacy on the Nationalist ticket. To gain time, I interpolated that I had heard that Recto would support him if he resigned from Q's cabinet with a blast at Q & Co. M appeared to receive this information with surprise and pleasure. Upon M's asking again what to do with Laurel, I advised him to thank Laurel for the honor, etc., to ask to be allowed to consider the proposal for a while, and to make clear to Laurel the particulars of M's program for the Philippines. This he agreed to do.

4. M spoke of the Liberal and Nationalist Parties in such terms as to leave me under the impression that he would prefer to run on that [*sic*] Nationalist ticket to running on the Liberal slate. He said that he was making a fast friend of Recto, Jr., as well as Laurel, Sr. He set no great store by a third party movement, holding the machines of both parties in some respect. He said Laurel liked the army but that the army distrusted Laurel because of his collaborationist record; that Recto was brilliant and patriotic but lacked the common touch; that the army, the J. Cees, Lions & Rotary Clubs would stand by him (Magsaysay) in any free election.

5. Magsaysay, speaking informally, said that I should understand that the lives of Recto, Laurel and Puyat[5] were in danger; *that Q had previously asked M to liquidate them (also Tanada);*[6] and that he himself now slept in a different place every night and had told his wife, Luz, to prepare to leave their house. In answer to my question, he said he was followed by Q's MKVD and was surrounded at all times by five of his own bodyguards.

6. On several occasions during the conversation M used the expression, "They are moving very fast."

7. M said Q was filled with bitter resentment by our allusions to clean elections and land reform during Monday's conversations. He said, however, that because of Laurel's trouble with the anti-Americanist label, Q had lately emphasized in Cabinet meetings his desire to appear as a great friend of the U.S. M says he isn't, and will never forget Myron Cowen's[7] heavy hand. He added that Q fears and dislikes the Ambassador, and your red-headed friend,[8]

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[5] Senator Gil Puyat, a member of the Nacionalista Party.

[6] Underscored in the source text. Senator Lorenzo Tanada was a member of the Citizens Party.

[7] Cowen was Ambassador in the Philippines from March 1949 to November 1951.

[8] Presumably this is a reference to Lacy.

too. He warned us against possible attempts by Q & Co. to assassinate the Ambassador's and my character. He declared again his belief that he would continue to deal with the symptoms of Communism until the land problem had been solved. He characterized Q & Co. as "agents of the Kremlin" in obstructing the dispensation of justice here.

8. I asked M if he thought Recto, Laurel and Tanada should be warned of their danger. He said yes, that we should do it. I neither agreed nor disagreed to do so.

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10. I gave M a lecture on his strong position vis-à-vis both parties, his popularity with all levels of honest Philippine society, and his mission to save his country from communism or cheap dictatorship. I exhorted him to keep cool, weigh carefully his chances, and consolidate his control of the army, his popularity with civic groups, etc. I said and he enthusiastically agreed, that the future of his country depends upon the holding of free elections in 1953.

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Having spoken again of his affection for and confidence in the U.S. and this Embassy, M took his leave.

Now, the Ambassador and I have been speculating on the reasons for this remarkable visitation. The following observations seem to us pertinent to any sensible conclusion:

1. This Embassy has suspected, over a period of years, that the Philippine Govt's has some fairly reliable means of determining the nature of business transacted here—whether by telegram, despatch or in conversation. We have not been able to find out if our suspicions are justified or if they are, how our friends manage it. Since the Chancery has been "cased" regularly, it occurs to us that the leakage may take place in residences or by way of indigenous personnel here in the Chancery. All this suggests the possibility that M's visit, doubtless foreseen by Q, was in the nature of a "plant".

2. Why a "plant"? In reply several things suggest themselves:

a) To determine to whom and when M tells his story, how soon and in what manner the Dept. is informed, etc. (Hence this holograph tour de force of mine.)

b) To determine M's relations with the Nationalist leadership.

c) To determine this Embassy's attitude towards M's candidacy, Nationalist plans, Q's strategy, etc.

d) To prepare, if the requisite evidence can be adduced, grounds for asking that the Ambassador or I or both be withdrawn, if the going gets too rough later on.

e) To make M out as a tool of the U.S.

This is about the size of it. Very likely other conclusions will prove warranted later on, but we can offer no more now that seems worthy of my cramped right hand, or your abused eyesight. Certainly the situation here is dangerous and suggestive of our [*sic*] first lines of *Swiss Family Robinson*.

It was great to see you. Your visit here was a tremendous help to us all. Give my best to the Dulles', the Secretary, David Bruce;[9] and by all means Bill Gibson.

Faithfully

WILLIAM S.B. LACY

The Ambassador has read all the foregoing and approves it—minus personal remarks last paragraph! WSBL

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[9] Under Secretary of State.

No. 318

796.5 MSP/9-852

The Acting Assistant Secretary of State for Far Eastern Affairs (Johnson) to the Ambassador in the Philippines (Spruance)

CONFIDENTIAL
OFFICIAL–INFORMAL

WASHINGTON, November 13, 1952.

MY DEAR MR. AMBASSADOR: Reference is made to your letter of August 29[1] to Mr. Allison and to your letter of September 8, 1952[2] to Mr. Acheson concerning industrial development in the Philippines. A reply to these letters, including your letter to the Secretary which he has requested the Bureau to consider in connection with your letter to Mr. Allison of August 29, has been delayed due to the very active consideration which has been given your views within the Department and in inter-agency discussions.

You will note from the attached memorandum [1] that this Bureau was much impressed by your arguments; furthermore, that your views resulted in the Office of Philippine and Southeast Asian Affairs' initiating conversations with the Export-Import Bank which were to culminate in a decision by the Bank to make loans for industrial development of the Philippines to the full extent of the Philippine willingness and ability to borrow (Musto 437, October 15, 1952).[1]

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[1] Not printed.

[2] Document 312.

A specific request from the Governor of the Central Bank has resulted in the Bank's proposal to establish credits in favor of private commercial banks in the Philippines and the Philippine Reconstruction Finance Corporation to the extent of $5 million. A copy of a letter dated October 9, 1952[3] in which the Export-Import Bank sets forth this proposal and seeks the approval of the National Advisory Council of its consideration of this credit is enclosed for your information. Currently, the NAC is studying the proposed credit. We are all hopeful that this arrangement under which the Export-Import Bank will extend small industrial loans through commercial banks will result in the preponderance of loans being handled through commercial banks rather than the Philippine Reconstruction Finance Corporation. This should offer the greatest possible assurance that loans will be extended on a commercially desirable basis.

As you were advised by the MSA telegram of October 15 (Musto 437), MSA is not now planning to use any of its proposed FY 54 $5 million industrialization program for loans. Instead MSA is proposing to use most of this amount for industrial and engineering services to enable the Filipinos to evaluate and to develop commercially sound projects. In this connection you may be interested in a memorandum from Mr. Renne to Mr. Hayes dated October 17,[3] which was made available to the Department on an informal basis. Although this document is understood not to represent the fully approved views of MSA, the document will give you some idea of the projects which MSA has in mind for possible use of this fund in finding new resources and in developing new uses for those presently known. We were pleased to learn that on the basis of the information in Musto 437 you were able to approve the use of funds for these objectives (Embtel 1153).[3]

I can assure you that the Secretary, Mr. Allison, and their staffs very much appreciate receiving your considered views on Philippine industrialization, as well as your thinking with regard to the agricultural problems of the Philippines. The impact of the current and proposed MSA programs will be followed closely. Your appraisal from time to time of the effectiveness of these programs is very much desired.

Sincerely yours,

U. ALEXIS JOHNSON

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[3] Not printed.

No. 319

796.00/11-2452

The Assistant Secretary of State for Far Eastern Affairs (Allison) to the Counselor of Embassy in the Philippines (Lacy)

SECRET EYES ONLY [WASHINGTON,] December 2, 1952.

DEAR BILL: I have now received your two letters of November 19, one of November 21 and one of November 24 regarding the developing Philippine situation.[1] I wish to thank you on giving us this fine picture of such a fast moving and perplexing situation. I am particularly pleased although not surprised that the Ambassador and you are fully aware of the inherent dangers with which our Government is confronted in dealing with a situation of this kind. Your letters are being shown to Doc Matthews[2] and probably also to David Bruce and I am, of course, also discussing them with Alex Johnson, Phil Bonsal and Temple Wanamaker.[3]

. . . We note from your letter of November 21 that you intend to continue communicating with us by letter because you believe "it would be very dangerous to telegraph this information for fear of leakage at this end or in Washington". And we note further from yours of the 24th that you refer to "unsolved security problems which made the use of the telegraph system undesirable". We assume that rapid steps are being taken to clear up what must be an extraordinary situation and that you will call upon us to the extent you think we can be of assistance.

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We are taking prompt steps to have your position about Vagnozzi placed before Cardinal Spellman.[4] We have not yet exactly determined the channel which we will use but I can assure that this will be done on an urgent basis.

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[1] None printed. (796.00/11-1951, 796.00/11-2151, and 796.00/11-2451)

[2] H. Freeman Matthews, Deputy Under Secretary of State.

[3] Officer in Charge of Philippine Affairs in the Office of Philippine and Southeast Asian Affairs.

[4] In one of his two letters of Nov. 19, Lacy asked that Francis Cardinal Spellman, Archbishop of New York, be approached with the purpose of having him contact the Vatican in order to make known the wishes of the U.S. Government that Egidio Vagnozzi, Papal Nuncio in the Philippines, be allowed to remain in Manila at least until after the 1953 elections. Monsignor Vagnozzi informed Ambassador Spruance and Lacy that he thought Cardinal Spellman routinely forwarded to the Vatican a memorandum, emanating from President Quirino, expressing Philippine interest in Vagnozzi's recall. Now Vagnozzi wished that Spellman be asked to indicate that he, Spellman, did not favor Vagnozzi's recall.

In his letter, Lacy characterized Monsignor Vagnozzi as a staunch friend of the United States and a strong supporter of free elections in the Philippines. (796.00/11-1952)

With regard to the matter of "sanctuary" I am sure that you are aware of our Government's long term policy in this matter.[5] We have consistently refused to subscribe to the sort of political asylum which is in vogue among some of the South American countries. Paragraph 225.2 of the Foreign Service Regulations entitled "Restrictions on Extending Asylum" reads as follows:

> "As a rule, a diplomatic or consular officer shall not extend asylum to persons outside of his official or personal household. Refuge may be afforded to uninvited fugitives whose lives are in imminent danger from mob violence but only for the period during which active danger continues. Refuge shall be refused to persons fleeing from legitimate agents of the local government. In case such persons have been admitted to the diplomatic or consular premises, they must be surrendered or dismissed from such mission or consular office."

This general rule has on occasion been stretched particularly in the case of persons fleeing from Communists or from excessively dictatorial governments but the exceptions have been very rare.

At any time that you believe it would be helpful to you or to us, we would be glad to have the Ambassador or yourself called back here on consultation.

We are continuing to give careful thought to your valuable letters. This is to be considered merely as an interim reply to let you know that we have received them and to raise certain urgent points with you. We are all following developments in Manila with the greatest interest and with the greatest confidence in your moderation and prudence as well as in your judgment of the limits to what our brains and influence can realistically expect to achieve in the local situation. We note and we are sure that you have also that practically all our information seems to come from only one source.

We fully share your reservations about Magsaysay's arrangements with the Nacionalistas and his connection with Tony Quirino.[6]

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[5] In his letter of Nov. 24, Lacy said that Spruance offered sanctuary to Magsaysay if he needed it, while Lacy offered sanctuary for Magsaysay's wife and children. The offers were made in the light of reports from Magsaysay that President Quirino planned to kill or imprison him. (796.00/11-2152; 796.00/11-2452)

[6] In the Nov. 21 letter, Lacy said that Magsaysay informed him and Spruance that Antonio Quirino, brother of the President, had assured Magsaysay of his support. Both Spruance and Lacy were uneasy about this, and the Ambassador had also expressed to Magsaysay his doubts about the honesty of purpose of the Nacionalista leaders in supporting him or their willingness to carry out Magsaysay's program for the country. (796.00/11-2152)

With warm regards,
Sincerely,

JOHN M. ALLISON

P.S. We are asking . . . with you as soon as he arrives for purposes of orientation. With the pointers you will give him he will, we assume, be able to embark upon a broad investigation of this entire affair. J.M.A.

No. 320

796.00/12-552

Memorandum for the Assistant Secretary of State for Far Eastern Affairs (Allison)

SECRET WASHINGTON, 5 December 1952.

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I

1. In considering the current secret agreement between Magsaysay, Laurel, Tanada, Recto, et al., and the possibility of Quirino's reaction thereto, Lacy makes the following analysis . . . :

a. For some time, various leaders of the Nacionalista Party have been querying the Ambassador and Lacy about U.S. intentions regarding clean elections. At a recent get-together at Laurel's home with Lacy in attendance, this was the main subject and was treated with much intensity. Lacy and the Ambassador have been emphatic in their statements that the U.S. will completely back clean elections and make every contribution consistent with Philippine sovereignty to this end.

b. Receiving this strong answer, the Nacionalistas are convinced that clean elections are highly probable and in clean elections they could not defeat a Liberal–Quirino ticket which included Magsaysay as vice president. Therefore, their strategy is to divorce Quirino and Magsaysay and bring Magsaysay into their fold to capitalize on his immense popularity and the prospect of U.S. support, which they believe would otherwise be given the Liberal–Quirino team. In regard to this, Spruance agrees with the strategy of divorce, but also believes that the Nacionalistas may drop Magsaysay some time between now and the November elections; and without either political machine behind him, his chances for presidential election are dim. The Nacionalistas believe, moreover, that Quirino is convinced that he cannot win in a free election.

c. Concerning allegations that Quirino will use martial law, jail opposition, etc., and the possibility that knowledge of the Magsaysay tie-up with the Nacionalistas would precipitate this action in the near future, Lacy believes that Quirino is capable of doing this but is reluctant unless he becomes hysterical. Lacy also advances the theory that Quirino, in a "cornered rat" position, hemmed in by probable honest elections with U.S. backing, a poor administration record, and a strong political combine, will become sufficiently desperate and, as a result, take this irrational, reckless step. He uses as a precedent Quirino's "surrounding the Senate with tanks and soldiers in the 1949 elections".

2. There are two points that Lacy desires to emphasize:

a. It is highly probable that Quirino believes, on the basis of the history of U.S.-Philippine relations, that the U.S. will take no positive action in the event that Quirino takes this untoward act. It is most necessary that the U.S. be ready to take the strongest measures including cessation of all aid if necessary. This should be made clear to Quirino privately in the near future. The Ambassador concurs. This could be done after the situation is publicized as planned.

b. The Ambassador and Lacy are keenly aware of the high degree of sensitivity of any action on their part in this matter and will act accordingly to preclude any possibility of a repetition of the "Braden affair".[1]

3. The general situation today is perceptibly calmer due to Magsaysay's hospitalization and the unlikelihood of Quirino's taking drastic action against a convalescent.

4. Lopez[2] must be considered serious yet undetermined force.

II

1. During the Lacy, Becker, Broe conference,[3] Becker stressed the value of coordinated reports from various U.S. Government sources in attempting to evaluate this sensitive situation. Lacy evinced great interest in the idea.

2. As a result of the above, Lacy appointed a committee for the purpose of preparing joint appraisals of the local hectic political situation as circumstances dictate.

3. The committee consists of Lacy, Benninghoff,[4] who is now chief of the political section, Holt, senior military attaché,[5] and William V. Broe,[6] as well as Col. Edward Lansdale.[7] A single joint report was prepared for . . . Allison.[8] Allison is expected to pass it

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[1] Reference is to Spruille Braden, Ambassador to Argentina in 1945, and Assistant Secretary of State for American Republic Affairs, 1945–1947, who clashed with Juan Perón, President of Argentina.

[2] Fernando Lopez, Vice President of the Philippines.

[3] No record of this conference has been found in Department of State files.

[4] H. Merrell Benninghoff, Counselor of Embassy in Manila.

[5] Capt. Walter C. Holt, Naval Attaché at the Embassy in Manila.

[6] Attaché at the Embassy in Manila.

[7] Colonel Lansdale was attached to JUSMAG in the Philippines.

[8] See Document 325.

to JCS. Holt is not reporting to the military as he is of the opinion that receipt by JCS fulfills his responsibility.

4. The first meeting was held 3 December. A report is being prepared.

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No. 321

796.00/12-552

Memorandum by the Officer in Charge of Philippine Affairs (Wanamaker) to the Director of the Office of Philippine and Southeast Asian Affairs (Bonsal)

SECRET WASHINGTON, December 5, 1952.

Subject: Comments on Mr. Lacy's letters of November 19, 21 and 24, 1952 to Mr. Allison[1]

Sources of Intelligence

Practically every bit of information listed in the letters comes from Magsaysay himself. Although his apparent candor may be genuine, after working on Philippine matters for over five years I can not but help suspect ulterior motives, in this case, the discrediting of Quirino as far as possible. It would be a particular clever maneuver on the part of the Nacionalistas, who are perfectly capable of using Magsaysay for all he is worth and then discarding him when he had served his purpose. It should be possible for the Embassy to check up with other sources on the allegations made by Magsaysay. Mrs. Irene Murphy in STEM is particularly close to Colonel and Mrs. Marking and might be able to ascertain which way the wind blows there.

Past United States Involvement in Philippine Politics

The long period of association between Americans and Filipinos and the continued dependence by Filipinos upon Americans for aid and advice have made it particularly difficult for United States representatives to avoid being drawn into domestic political matters. These are some cases in point, which, although they have not done the United States any serious damage so far, have made a number of Filipinos bitter and cynical on the subject of their independence:

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[1] See footnotes 1, 4, 5, and 6, Document 319.

1) Ex-President Osmena[2] to this day is convinced (members of his family have told me so) that the influence of Ambassador McNutt[3] on the side of Roxas[4] was instrumental in Osmena's losing the election of 1946.

2) In the 1949 elections between Quirino and Laurel, Ambassador Cowen was in favor of using all influence possible to secure the election of Quirino. There was strong disagreement within the Embassy, the Economic Counselor, Mr. Hester, and the Political Officer, Mr. Rice, passionately arguing for absolute neutrality. Thus, although the Embassy *per se* remained neutral, everyone in Manila knew Ambassador Cowen's opinions on the matter. This did not make for close relations with the Nacionalistas thereafter.

3) Ambassador Cowen's support did not mean any guarantee of Quirino's friendship or appreciation. Mr. Ely's memorandum of May 24, 1950, to Mr. Rusk[5] reads in part as follows:

> "Elizalde remembered that the under-cover feud between Quirino and Vice-President Lopez was extremely bitter and that Quirino blames Cowen for conspiring with Lopez against him."
>
> Mr. Ely's memorandum of May 12, 1950, to Mr. Rusk, commenting on Manila's telegram No. 1342 of May 11, 1950,[6] points out that Quirino "might adopt a policy of open defiance and denunciation of the United States, the first step of which would be to ask for Cowen's recall".

4) . . . a Philippine Communist party propaganda leaflet entitled "Filipino Students—What?". It reads in part as follows:

> "In the Philippines, political domination by the United States has never ceased, in spite of the formal declaration of July 4, 1946. The key to continued political domination is control of the Army. What has the JUSMAG been doing all these years, if not to control Magsaysay and make the Philippine Army subservient to the United States? And they succeeded 100%. Magsaysay is the most willing and most effective puppet of the U.S. monopolists. Now they are honoring him for services rendered to his masters. They are building him up so that he may be able to render more valuable services in the future—maybe as president. Was not the Army used by the U.S. imperialists to down the Liberal Party, which is losing its effectiveness as a puppet, in order to insure the victory of the less exposed puppets—the Nacionalistas? So long as they have the control of the Army, political life is also under their com-

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[2] Sergio Osmena, President of the Philippines, 1944–1946.

[3] Paul V. McNutt, Ambassador in the Philippines, 1946–1947.

[4] Manuel Roxas, President of the Philippines from 1946 until his death in office in 1948.

[5] Not printed. At the time, Richard Ely was Deputy Director of the Office of Philippine and Southeast Asian Affairs and Dean Rusk was Assistant Secretary of State for Far Eastern Affairs. Ely subsequently became an attaché at the Embassy in Manila.

[6] Neither printed.

plete control. Economic, military and political control—and even educational control."

Analysis

We must not forget that Quirino is an extremely astute politician regardless of what we may think of him as a statesman. If he were determined to win the November 1953 elections by hook or crook, it would not be very logical for him to declare martial law in January 1953. Such a declaration would simply turn over the normal civilian functions to the armed forces. Quirino's tactics instead, it would seem to me, would be the following:

1) Remove Magsaysay from competition with him for the presidency in 1953 without losing the benefit that Magsaysay's popular appeal would give the Liberal Party. This could be accomplished by having Magsaysay run as Vice President (with the succession to the presidency after two years since under the constitution Quirino cannot serve more than eight years) or by having him run as Senator or by keeping him in his present position.

2) Discredit the opposition by all tactics possible. How well Quirino can do this was illustrated by the recent special session of Congress. By failure to pass a public works bill Congress then placed itself in the position of not being able to oppose Quirino's use of his emergency powers to allocate money for public works and relief for victims of the recent typhoons. If the Nacionalistas challenged immediately his use of the emergency powers, they would place themselves in the position of obstructing relief for typhoon victims.

3) If the discrediting process does not work, then trump up serious charges against certain Nacionalistas and perhaps order their arrest but not more than one month before the elections.

The accusation that Quirino planned to assassinate Magsaysay I find incredible. Such harsh tactics aren't required and would certainly boomerang.

We today can be most thankful that we didn't officially back Quirino in 1949. How will we feel about Magsaysay three years from November 1953 if he should win the presidency with our open support?

No. 322

796.00/12-1052: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

SECRET MANILA, December 10, 1952—5 p. m.

1679. No distribution. Eyes only Allison. Senator Macario Peralta, strong liberal follower of Quirino and active in vets affairs on

Dec 9 called without previous appointment on Ely and made in substance fol statement:

He was calling request Ely bring Amb's attention his belief that Emb personnel were becoming involved in Phil internal politics, in short, were campaigning for Magsaysay specifically and against Quirino generally. Pressed for details, he mentioned Col Lansdale of JUSMAG and James D. Bell, Polit Officer now en route USA[1] (which Peralta did not know). He alleged it was common gossip that Lansdale was openly working for Magsaysay and Quirino was "muttering" about it. Peralta blamed Lansdale for Laurel's recent challenge to Quirino that both withdraw and leave field to Magsaysay. His mention of Bell not connected with Magsaysay and apparently arose from fact Bell in addition good contacts with Liberals had excellent contacts with and held in high regard by Nacionalista's Party to a degree that enabled him to get accurate info not generally available to less active and energetic officers. (At this point I desire to emphasize this msg not to be construed as reflection either Lansdale or Bell, both of whom I regarded as outstanding men who have not stepped outside the limits of their duties and instructions). Peralta reiterated familiar line Filipinos had done everything we asked and wanted to know if we wanted them to "Do what French did and tell you to take your aid and go home". Asked if he was appearing by direction of either his party or Pres Quirino, he said had not discussed with President Quirino, but had with members of party who agreed with him something had to be done. Alleged some of younger hot heads wanted to make speeches attacking Embassy.

It is Ely's considered opinion in which I and Lacy concur that call was made with full knowledge and approval liberal hierarchy including Quirino in the hope that thinly veiled threat of public attack for interference domestic elections might slacken pressure for free election and domestic reform. Quirino probably under considerable pressure from irresponsible and difficult to control elements in his party, led by men like Peralta who has been constant problem for years. Some minor attacks possible but open all out attacks on US Govt as whole not likely be resorted to except as last desperate resort. Such attacks might elicit some support younger groups but would lose more among more conservative elements. These tactics historically have been politically advantageous in some instances but only when led by men in whom people had much more confidence than Quirino, Peralta et al now enjoy. At one time party in power wld have had no difficulty disposing of opposition on whom pro-Amer tag cld be pinned but this by no means certain now and Emb interprets call and msg as evidence Quirino's fear his principal campaign plan, that only he can get Amer aid is threatened.

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[1] Bell had been First Secretary of the Embassy in Manila.

See msg preceding concerning Cabinet mtg Dec 10.[2]

SPRUANCE

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[2] Presumably the reference should be to immediately "succeeding" telegram 1680 from Manila, which reported that President Quirino had told his Cabinet to stop the activities of NAMFREL (National Movement for Free Elections). Informed of this, Ambassador Spruance again indicated that the United States was determined to make the maximum contribution to free elections consistent with Philippine sovereignty. (796.00/12-1052)

No. 323

796.00/12-1352: Telegram

The Acting Secretary of State to the Embassy in the Philippines

TOP SECRET WASHINGTON, December 13, 1952—2:13 p. m.

1720. No distribution. Eyes only Amb from Allison. We here fully share your concern course events recently reported Phil polit situation. Here are my views on which I wld appreciate your comment:

1) Relationship established between US and Magsaysay threatens become prejudiced to US interests in Philippines and to those of Magsaysay if not altered to meet present circumstances. Full US support for SecDef in his campaign against Huks is quite different from support for potential presidential candidate already committed to oppose admin in which he serves. Believe we must find way of making this position clear to Magsaysay, who must also realize any widespread conviction that he is hand-picked candidate of US wld not further his own polit career.

2) Position we wish follow and make clear is that US operates on basis principles rather than personalities. A straightforward relationship with Magsaysay on same basis as with any other important member cabinet shld be our goal. In view heightening pre-election tensions we shld do this as quickly as possible and be particularly careful avoid in future any gestures which might be misconstrued.

3) Policy we shld then follow and emphasize thru USIE, is that we regard Phil domestic politics as business of none but Phil people; that we are concerned, however, that people shld continue to choose leaders they desire in free and honest elections; that we will cooperate with any non-Commie admin so elected. Press and others will doubtless conclude, although we will never so specifical-

ly state, that admin which comes into power thru force and corruption will not receive US mil and econ aid. . . .

4) I am of opinion that although Lansdale has done splendid job conditions which justified his assignment no longer exist. Subj to your comment I wld . . . request that existing plans for his transfer be implemented without delay.

Pls let me have your views on the above . . . as soon as possible.

BRUCE

No. 324

796.00/12–1552: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

TOP SECRET MANILA, December 15, 1952—2 p. m.

1716. Eyes only for Allison from Spruance. Your 1720.[1] Have constantly emphasized that US is committed to free elections in Philippines, but does not and will not support any political party or candidate. Choice of political leadership must be made by free votes of qualified electors expressed at polls. If present govt intends to perpetuate itself by methods similar to those used in 1949, which is indicated by many things that have been happening, I am strongly of opinion we must at suitable time inform Quirino privately that US will discontinue military and eocnomic aid if he fails to ensure free election in 1953 and is re-elected by force and corrupt practices. Another corrupt election will greatly strengthen Communists. I consider this of such vital importance to future welfare of Philippines that I plan to ask orders to return Washington to place situation here before Secretary of State and President. Such request wld be after new administration has shaken down and you consider time propitious.

Several days ago I recommended to Lansdale that he return to US to report conditions and to obtain rest and relaxation. He plans depart about December 20 for three or four weeks' stay. Lacy and I both consider his return here essential in view of his personal contacts and the current situation. Suggest you withhold action until his arrival.

SPRUANCE

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[1] *Supra.*

No. 325

796.00/12-1652

Memorandum for the Assistant Secretary of State for Far Eastern Affairs (Allison)

TOP SECRET WASHINGTON, 16 December 1952.

Subject: Report, dated 15 December 1952, on current Political Situation in the Republic of the Philippines[1]

Reference: Memorandum to the Assistant Secretary for Far Eastern Affairs, Department of State, dated 5 December 1952 . . .

1. The committee described in the second part of the referenced memorandum has submitted the following appraisal of the current political situation in the Republic of the Philippines. It was requested that the report be disseminated only to Mr. Allison and if Mr. Allison desires to the Joint Chiefs of Staff. . . .

"Following committees appraisal current situation. . . .

"Filipinos are facing election year 1953 with uneasiness, apprehension, and already considerable pressure tension generated. Most important single fact is determination Quirino run again; he has announced his draftability publicly, and most his actions seem designed assist his re-election. This committee has reason suspect Quirino might go any length in rigging elections, including use martial law, subversion of army and police, and even assassination, if sufficiently roused. Generally agreed among politicos, journalists and others that widespread bloodshed inevitable result rigged elections. Nats even opine bloodshed will result re-election Quirino, honest election or no.

"Other important ingredients present situation are:

a. Popularity of Magsaysay with people and their conviction he working honestly for good country;

b. Fear Quirino will again steal elections; therefore "free and honest elections" already campaign issue;

c. Position U.S. with these two issues; general conviction that successful party will be that which able assure people it alone can obtain U.S. aid, support.

"Quirino tried in October induce Magsaysay join his ticket as vice president but project failed materialize for following chief reasons:

a. Magsaysay imposed conditions of free elections, economic and administrative reforms which Quirino unwilling accept;

b. Magsaysay hesitant over accepting secondary position this early when possibility remained his running as president;

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[1] Not printed. (796.00/12-1552)

c. Magsaysay fearful that as v.p. he would be relegated by Quirino to minor position and deprived control of Army, source Magsaysay's power and popularity;

d. Difficult for Quirino accept anyone in his coterie who has sufficient stature threaten his own position;

e. In making deal with Quirino, Magsaysay would be forced into alliance with Perez and Liberal Party machine; Perez and Magsaysay are highly antagonistic and Magsaysay would find association with Perez almost unbearable. In this connection political power of Perez enormous, and importance him and his cronies to Quirino re-election aspirations difficult overemphasize.

"Magsaysay thereupon entered negotiations with Laurel and Nacionalistas and signed compact to run as president on Nacionalista ticket as described. This still secret although *Weekly Free Press* hinted strongly its possibility and Quirino presumably aware its existence. In Making such compact Nacionalistas divorced Magsaysay from Quirino, and neatly prevented Quirino Magsaysay ticket which they would find difficult to beat even with free, honest elections. Now that they have captured Magsaysay, their chances defeating Quirino considerably increased. They must of course keep alive slogan "free and honest elections" not only for their own protection but also because that one condition on which Magsaysay would run. Moreover, generally believed that U.S., while probably favoring Magsaysay, would not give sanction any campaign unless based on free elections.

"In this connection, we point out immense propaganda value to HMB of crooked elections, enabling that organization attract adherents by pointing out venality and lack integrity in Philippine Govt which resorts to corrupt and immoral practices; conversely, there is evidence that clean elections 1951 hurt cause HMB by increasing confidence people in orderly democratic processes of Phil Govt.

"Attitude of U.S. re any candidate or issue highly important in Philippine mind, and U.S. granting or withdrawing support might easily determine result election. Accordingly plans for U.S. tactics in Philippines for next year must be drawn up in realization that in serving interests U.S. our actions will profoundly affect future Philippines as well.

"Axiomatic to state that politically stable and economically sound Philippines necessary to interest U.S. with particular reference containment Communism and throwing back Soviet aggression. Philippines now on way to sound economy but many urgently needed reforms and administrative improvements blocked by Quirino for reasons political advancement rather than welfare country. Politically country in disturbed state, with people largely convinced government venal and corrupt and determined remain in power even by stealing election. Laurel and Nacionalistas of course play this up, demand assurances of free elections, and publicly assert that re-election Quirino regardless conduct of elections will cause revolution bloodshed. We inclined believe this possible, having in mind so called Batangas Revolt following 49 election steal by Quirino.

"From standpoint U.S., re-election Quirino would be bad, not only because political stability would be upset but also because Quirino not inclined push steps recommended in Bell report and agreed to in Foster–Quirino agreement. While election Laurel and Nacionalistas might improve atmosphere for a while, we are not optimistic that he would for long lead government in direction honesty, efficiency and reform.

"On political horizon at present Magsaysay only figure with qualities desirable from U.S. standpoint who has even remote chance election as president. Even he could not accomplish this without backing of party machine, hence his alliance with Nats necessary although distasteful to U.S. At moment he is sole hope for real progress toward desired U.S. goals in forthcoming elections. He now has no adherents of his own and would have to rely on Nat appointees as well as political backing.

. . . .

No. 326

796.00/12-3152: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

TOP SECRET MANILA, December 31, 1952—2 p. m.

1907. No distribution. Eyes only Allison. Magsaysay called on Lacy at 11:30 a. m. December 30. He said Nacionalistas now proposed to nominate him in convention to be called for March 1. By then he would, of course, have resigned from Quirino's Cabinet. Referring to his desire to make a clean break and "get this all over" Magsaysay said that he was about to suggest to Nacionalistas desirability holding convention February 1. He asked Lacy's reaction. Lacy emphasized as this Embassy has so often done in the past the importance of decelerating these political developments, of Magsaysay's maintaining a free and favorable position in respect to the political evolution and of Magsaysay's continuing to emphasize throughout the Philippines his determination to carry out his program e.g., free elections, reforming government, land program, etc. Magsaysay replied that, in any event, he would continue with increasing force to prosecute his program for the welfare of the Philippines but that, as far as he was concerned the die was cast with the Nacionalistas, that the Liberal Party, riddled with corruption, some of its members dominated by Chinese Communists and uncertain of its mission under Quirino's leadership, would never be effective instrument for accomplishing reforms for Philippines requisite to stable anti-Communist society. There can be no doubt whatever that Magsaysay has made up his mind to accept the Nacionalistas nomination.

Lacy then suggested to Magsaysay desirability of holding Nacionalistas convention March 1 instead of February 1, pointing out that Magsaysay would thereby have another month to prosecute anti-Huk program, finish round-up Chinese Communists and, importantly, remain close to army. Magsaysay replied that army now entirely indoctrinated and would support him on Nacionalistas ticket next fall. He said citizen organizations were communicating their support to him every day.

In reply to Lacy's questions reasons eagerness Nacionalistas to hold early convention, Magsaysay replied that Recto, Laurel and others, frightened by Quirino's emerging tactic of labeling his political enemies as Communists and that they realized Magsaysay's anti-Communist record provides them with *bona fides* otherwise unobtainable. Magsaysay dismisses scornfully any possibility that Recto and Laurel have ever had any Communist inclinations.

Magsaysay then repeated desire previously expressed to visit the US either as Secretary of Defense or as private citizen after resignation Quirino Cabinet and designation Nacionalista candidate. Lacy said that Magsaysay always welcome US but he unable of course to discuss such visit in definite terms without instructions from Department. Lacy pointed out that visit to US as private citizen matter of no little delicacy since, as private citizen and Nacionalista candidate Magsaysay would be regarded as political adversary Quirino who is Chief of State and to whom US Embassy accredited. Moreover, Lacy suggested Quirino might find it impossible to permit Magsaysay to go US as Secretary Defense. Magsaysay asked for answer this request soonest, observing that if he were well received in the US either as Secretary of Defense or private citizen success his campaign for presidency assured. Lacy said that if he went to US as private citizen he would have to be invited by and be guest of US private citizen.[1]

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[1] The Department sent the following response to Manila on Jan. 3:

"Eyes only for Spruance from Allison. Reur 1907 Dec. 31, I believe it wld be inadvisable under present circumstances to encourage Magsaysay to visit US. We wld not be able to arrange an invitation for him as Secy Defense at this time. He is of course free to come as a private cit but in this case we wld be unable to arrange anything of an official nature which wld tend to assure 'success of his campaign for presidency'.

"My views re this entire situation continue to be those expressed in Deptel 1720 Dec. 13." (Telegram 1932; 796.00/12-3152)

Embassy grateful earliest decision Magsaysay request. This connection your attention invited combined committee report dated 15 December from Embassy, ...[2]

SPRUANCE

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[2] See the memorandum, *supra*.

No. 327

796.00/3-653: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

TOP SECRET MANILA, March 6, 1953—4 p. m.

2702. Eyes only Allison. Your 2719.[1] After thorough discussion of subject with six most interested and concerned it was decided that Lansdale's return here was still desirable. Direct or indirect contacts with Magsaysay would be kept to absolute minimum and his services for psychological warfare would continue to be made available to new Secretary Defense. It was considered that Lansdale's experience as Public Information Officer would be most valuable in our relations with press, including the avoidance of unwarranted attacks on United States officials. I hope that his knowledge and experience will be useful in promoting free elections or in warning United States if other plans are being laid. If the foregoing does not work, I shall not hesitate to ask that Lansdale be ordered home.[2]

SPRUANCE

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[1] Telegram 2719, from Allison to Spruance, Mar. 5, indicated that the Department of State was reconsidering the question of Lansdale's return to the Philippines in view of the new situation caused by Magsaysay's resignation. The Department's inclination was to delay Lansdale's return at least for the present. The Embassy's views were requested on this matter and also on Lansdale's role in making effective a U.S. contribution toward free and fair elections in November. (796.00/3-353)

Lansdale had returned to the United States in January for discussions with civilian and military officials from whom he wished to secure approval for his plan to safeguard the integrity of the 1953 Philippine elections. No records have been found on these meetings, but see the account given in Edward G. Lansdale, *In the Midst of Wars* (New York, Harper and Row, 1972), pp. 104-107.

[2] On Mar. 9, the Department of State sent the following reply:

"Eyes only Spruance from Allison. On basis Embtel 2702 Department has concurred Lansdale return. I particularly agree Lansdale contacts with Magsaysay be kept at absolute minimum and his services for psychological warfare be available to new Secretary Defense." (Telegram 2780; 796.00/3-653)

No. 328

796.00/3-653: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

TOP SECRET MANILA, March 6, 1953—5 p. m.

2711. No distribution. Eyes only Allison. Views expressed in Embassy's telegram 2700, March 6[1] consist of estimate drafted by Embassy and concurred in by . . . senior military attaché. Please pass as appropriate. That message should be considered as continuation message dated December 16 . . . .[2]

Malacanan probably believes that certain US officials played some part in Magsaysay resignation[3] although their suspicions not at present directed at any particular individual. We must be prepared for accusation some time during campaign that US officers have interfered in domestic affairs, to which constant and widespread declarations of neutrality coupled with hopes for free elections can be only rejoinder. For moment, and pending Magsaysay's actual nomination, we have no specific measures to propose. . . .

SPRUANCE

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[1] *Infra.*

[2] Document 325.

[3] Ramon Magsaysay resigned as Secretary of Defense at the end of February.

No. 329

796.00/3-653: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

SECRET MANILA, March 6, 1953—7 p. m.

2700. Embassy submits following estimate situation created by resignation Magsaysay: Manila and country seething with politics. Rumors, plans, charges, counter charges heard from all quarters. From this welter following trends appear to be developing in opinion Embassy . . . , US newsmen and other qualified observers.

Quirino appears to be champion Liberal Party despite admitted personal unpopularity and set-backs suffered recent months. He seems determined run again and his every move is calculated toward that end. However, with or without his permission there are several "boomlets", which may be compounded of the aspirants ambitions as well as Quirino's own desire have back door through which to escape, using bad health as very real excuse, if he reaches conclusion he cannot win. Romulo has been seriously mentioned, and according rumor he has been telephone Quirino. Other names are Perez and even Parades.[1] Next after Quirino, Perez is believed to have best chance election, in view his intimate knowledge and control party, and dossiers on party members to prevent defections. Liberal convention date will presumably be set soon after Nacionalista Party convention April 12.

At moment Magsaysay boom is growing, and really impressive response received from all over country approving resignation, urging entrance Nacionalista Party and promising support and aid. Laurel and Recto have made such categorical statements supporting Magsaysay on several occasions that possibility their double crossing for Laurel waning but not entirely eliminated. Puyat, Delgado[2] and Zulueta[3] not committed to Magsaysay but say will support any Nacionalista Party candidate named by convention. Osias[4] still in running for nomination and he may attempt block Magsaysay entrance to Party, but his support not believed widespread. Most observers opine his candidacy will need beating but not regarded as really serious.

Embassy and other observers believe if elections held now Magsaysay would almost certainly win, and that in long run his chances are more than good. Remains to be seen whether present boom will grow and develop into conflagration which will carry country with it eight months from now. In view strength Liberal machine and necessity Nacionalista Party maintaining initiative and impetus for long period, much hard work and organizing must be done by those responsible for his campaign. As Paredes told Embassy officer two weeks ago, early convention by NP may deprive Magsaysay of ammunition too early in fight, leaving Liberals chance to correct own mistakes, capitalize on Nacionalista Party errors timing and judgement, and perhaps pass legislation putting Liberals in strong position.

At present Magsaysay is remaining silent pending entrance Nacionalista Party, presumably in few days. His friends and backers state main objective now is assuring nomination, and all efforts being pointed toward victory at convention April 12. Little thinking or planning has been done in preparation for prolonged campaign, and lack of funds causing some concern. Campaign manager not yet named, but Tanada,[5] Arsenio Lacson (Mayor of Manila) and Pelaez[6] have been mentioned. Opinions and desires old line members of party such as Laurel, Recto will have to be considered in this connection, but this cannot be done until Magsaysay well in party and assured of nomination. Magsaysay himself does not appear to have any special favorites or cronies, and has not surrounded himself with any particular board of strategy. He will require expert advice and organizing ability among his immediate entourage in order offset his relative political naiveness and immaturity.

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[1] Senator Quintin Parades.

[2] Senator Francisco Delgado.

[3] Senator José Zulueta.

[4] Senator Camilo Osias.

[5] Senator Lorenzo Tanada.

If nominated, Magsaysay's campaign will presumably stress his youth and vigor, honesty, record as defeater of Huks and foe of Communist, his feeling for common man, need for a change in political party as well as new, young, and fresh outlook in national affairs. Campaign will also stress corruption, inefficiency of Quirino administration, lack of follow up on promises to people, lack of real implementation of policies recommended by Magsaysay to eradicate causes of Communism by improving conditions of masses. Important factor will be high regard felt for Magsaysay by US, and belief that he will be able obtain continued US support; conversely, Quirino's failure accomplish many reforms promised US at time ECA/MSA agreement will not be neglected.

For their part, Liberals will probably stand on record of administration since Quirino took office. He will claim credit for eliminating Huks, opening lands to the landless, enhancing economic prosperity of country, obtaining $252 million in MSA aid from US, enhancing international stature of Philippines, and otherwise for doing everything possible to bring country along following devastation of war. Moreover, Liberals will attack Magsaysay for ingratitude toward Quirino, who made him; for political opportunism and for being over ambitious; for being young, impetuous and without experience; for diverting armed forces funds for EDCOR and similar projects allegedly designed to further political ambitions; for accepting at least one bribe in connection with a Chinese deportation case.

The campaign will undoubtedly be tough and dirty, with no holds barred. Despite Quirino's admonitions to the Army March 4 to stay out of politics, and promises for clean elections announced simultaneously, possibilities for coercive action and fraud still strong. Strong rumor that Governor Osmena of Cebu will be appointed Secretary of Defense in some sort of deal involving his arch rival Cuenco. This move, despite Osmena's personal friendship with Magsaysay, regarded with distrust in view unsavory reputation both Osmena and Cuenco and their willingness achieve political ambitions by any means. Also freely rumored that Governor Lacson of Negros Oriental will be reinstated; this would be interpreted by Embassy that Quirino determined to stop at nothing to ensure re-election.

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[6] Emmanuel Pelaez.

As stated at outset hereof, Embassy and others believe main outlines of political situation to be as above. It will be important for Embassy and US people generally to refrain from taking sides in any way. We should at every opportunity assert our neutrality and express hope that come what may the elections in the Philippines will be free and honest, and devoid of coercion or fraud.

SPRUANCE

No. 330

796.00/3-653: Telegram

The Secretary of State to the Embassy in the Philippines

TOP SECRET WASHINGTON, March 13, 1953—6:33 p. m.

2840. For Ambassador from Allison.[1] Embtel 2711.[2] I am confident Embassy will maintain in fact as well as in appearance absolutely impartial and correct position vis-à-vis Philippine elections and personalities and that Embassy's prime mission of developing cordial and effective relations with present Philippine Government will continue to be carried out. Nevertheless this does not prevent Embassy continuing to make clear US Govt position on necessity for free elections and serious attention to Bell recommendations and does not preclude assistance to nonpartisan organizations furthering those ends. See Deptel 1720 of Dec 13.[3]

DULLES

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[1] On Mar. 12, Bonsal sent Allison a memorandum containing the following paragraphs:

"Mr. Wanamaker and I oppose any Embassy participation (even in the background as suggested by Embtel 2711) in the Philippine elections and believe that . . . USIS should also limit . . . activities to support of those nonpartisan organizations working for free elections. For that reason we recommend an immediate reply to Embtel 2711 setting forth the Department's position.

"The unclassified instruction [see footnote 3, below] is for the purpose of permitting the Ambassador to make widely and definitively known the United States Government position and to afford a measure of protection to those American citizens and firms that may be asked for campaign contributions.

"I consider that a forthright declaration of the United States position would be welcomed by Filipinos of both parties." (PSA files, lot 57 D 416, box 209)

[2] Document 328.

[3] Document 323. On Mar. 14, the Department of State sent the following message to Manila:

Continued

No. 331

796.00/4-153: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

SECRET MANILA, April 1, 1953—6 p. m.

2981. No distribution. Eyes only Allison. Elizalde asked Lacy visit him at his apartment early a. m., April 1. Elizalde opened conversation by characterizing present situation Philippines as "very bad but I hope not irreparable". He then went on to draw parallel between present situation and that which characterized conflict and long deadlock between Quezon and General Wood.[1] He said that as was true in Wood's case and as he had advised Quirino the more Spruance was subjected to attacks of the sort projected during last few days the more difficult it would be for Quirino to "get rid of Spruance" since he, Elizalde, realized that the US Government would be most reluctant to recall Spruance while under fire of this nature. He said that he had told Quirino that Spruance occupied remarkably high position in the esteem of his countrymen who considered that Spruance "could do no wrong". He said that Quirino, up to the present, at least, had remained unconvinced of the validity of this proposition.

Elizalde said that during recent weeks he had almost concluded that Quirino was "mentally unbalanced", since he seemed to project himself irrationally into situations from which extrication seemed almost impossible.

Lacy expressed gratification that Elizalde had had wit and courage to suggest to Quirino folly of hoping to get rid of Spruance through attacks of sort which have appeared in press here during

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"Department most pleased at press reports [see the *New York Times*, Mar. 14, 1953] that Ambassador warned Americans living in Philippines to refrain scrupulously from taking part in coming Presidential campaign. Department completely agrees that Philippine politics are exclusive concern of Philippine people and that Americans residing in Philippines should maintain same attitude of strict non-involvement observed by their Government.

"US Government is confident that observance of fundamental principle upon which both Philippine and U.S. governments based, that of right of people freely to choose leaders, will characterize forthcoming elections and US Government looks forward to continuing full cooperation with any administration elected on basis that fundamental principle." (Telegram 2854; 796.00/3-1453)

[1] Gen. Leonard Wood, Governor-General of the Philippines, 1921-1927, at which time Manuel Quezon was President of the Philippine Senate. The constitutional issue involved in their dispute centered around General Wood's right to veto legislation and, subsequently, his administration of the government without consultation with Philippine officials.

last four days. He went on to emphasize Ambassador's desire to observe strict neutrality in present political struggle a desire shared by Embassy staff. Lacy told Elizalde in strict confidence that it had been suggested that text of President Eisenhower's letter to Quirino be published by Embassy but that Ambassador and staff had decided not to do so. Elizalde, with great emotion, said publication of letter would exacerbate present situation immeasurably and expressed gratitude that Embassy had seen fit to keep letter unpublished.[2]

Lacy told Elizalde that primary mission US Embassy Philippines was to promote and maintain good relations with Philippine Government and that Ambassador, Lacy and other members of staff stood ready to consult with him or other members of Philippine Government at any hour of night or day to end that that mission be achieved. Elizalde, suggesting that Quirino–Spruance relations at present strained tc breaking point, asked Lacy to consult with him on short notice and frequently. Lacy of course agreed, stating that he was sure Ambassador Spruance would welcome such association. Lacy then asked Elizalde what he thought could be done at moment to apply necessary sedation to situation. Elizalde instantly replied that both sides must be absolutely quiet. Lacy agreed that this simple course of action highly desirable and said that Elizalde could count upon the absolute silence and complete neutrality of US Government. Elizalde said that he thought State Department's release (Deptel 3019, March 31)[3] great mistake and hoped that Department would observe rule of silence. Lacy said he would pass this information on to Department.

Lacy asked Elizalde if he had read *Chronicle* April 1. Elizalde replied that he had only glanced at it. Lacy then showed him item appearing page 4 reading as follows:

> "The Quirino–US Embassy imbroglio took on a new angle today as several Congressmen revealed that US Ambassador Raymond Spruance is being used as a 'front' by another Embassy official who is a better authority in Philippine and Far Eastern politics.
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> "The name of this Embassy official is however being withheld for important reasons.

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[2] Reference is to a letter of Mar. 16 from President Eisenhower responding to one of 9 days earlier from Quirino. Eisenhower's letter said that the United States was ready and willing to consider any proposals from the Philippines for revision of the Trade Agreement and suggested that they be given to Ambassador Spruance to facilitate study by U.S. authorities who would determine if they provided a basis for renegotiation of the Agreement. Both letters are printed in Department of State *Bulletin*, Sept. 7, 1953, pp. 316–317.

[3] Telegram 3019 informed the Embassy of the Department of State's release of the text of telegram 2854, printed in footnote 3, *supra*.

"This Embassy official, the Congressmen said, was responsible in [*for*] fomenting the charges that the American Embassy is teaming up with the Nacionalistas for the election of Magsaysay in the coming elections. . . ."[4]

Lacy said that he had been warned previous day that Perez was about to commence attack on him and wondered if Elizalde could advise on this matter. Visibly perturbed, Elizalde asked Lacy "for God's sake, say nothing whatever they say about you". Lacy agreed. Elizalde took sudden leave of Lacy saying that he must immediately find President which he would do "if I have to follow him to Baguio in an airplane".

Embassy believes Elizalde's perturbation due to fact that, when he called Lacy, he thought he could offer some disciplined forebearance on Liberal side, but learning of what appears to be beginning Perez attack on Lacy realized Quirino either had not or could not discipline Perez. As he said goodbye Elizalde characterized Perez in colorful and uncomplimentary terms adding that San Francisco's ConGen Pidlaon was Perez's creature. As Department knows it is reliably reported that Elizalde told Quirino he would resign unless Pidlaon was fired.

Elizalde obviously in highly nervous state. His physician left him as Lacy arrived. Elizalde told Lacy that his blood pressure was several thousand times as high as it should be.

I agree with Lacy as to seriousness of present situation, and have admonished my staff to maintain silence and neutrality at all times. I trust Department will do likewise. Since conversation between Elizalde and Lacy was of highly personal character I hope Department will give it maximum protection.[5]

SPRUANCE

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[4] Ellipsis in the source text.

[5] On the following day, Apr. 2, Lacy wrote to Assistant Secretary Allison supplying further information which, he said, could not for obvious reasons be included in telegram 2981. He indicated that Elizalde had confided to him that Ambassador Spruance was not the man for the job in Manila because of his inflexibility and unwillingness to listen to warnings about the coming crisis between the administration and the Embassy over the elections. Elizalde went on to say that Ambassador Spruance obviously wanted Magsaysay to win in November, which was perhaps understandable, but his mistake lay in never having been subtle about his desire. (PSA files, lot 57 D 416, box 209)

No. 332

796.00/5-453

The Counselor of Embassy in the Philippines (Lacy) to the Director of the Office of Philippine and Southeast Asian Affairs (Bonsal)

TOP SECRET EYES ONLY
OFFICIAL–INFORMAL

MANILA, May 4, 1953.

DEAR PHIL: I am very grateful to you for your letter of April 13th,[1] not only because it supplies me with a very welcome illumination of your views on the Philippine political situation and our relationship to it, but also because I realize that you have been at pains therein to pass to me certain views, which you perhaps believe I will find it difficult to accept, in the most palatable way possible.

After reading and re-reading your letter several times and giving it the benefit of what I light-heartedly call cerebration, I have arrived at the conclusion that, as a practical matter, such differences as may separate your views and mine on the political situation here and the role we should play in it, minor in any case, are of no particular importance (and this is the important thing for me to convince you of, which I can do only by giving you categorical assurances) because this Embassy is maintaining scrupulous neutrality in the present political struggle in the Philippines. You will remember that the Ambassador's letter to the American community,[2] warning them of the necessity of avoiding involvement in the campaign, as well as the statement made on March 30th, reaffirming the Embassy's neutrality,[3] were made on the Embassy's initiative and not on instructions from the Department. I mention this only to emphasize this Embassy's desire to establish and maintain our neutrality in this unpleasant business.

. . . .

Faithfully yours,

BILL

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[1] Not printed. (796.00/5-453)

[2] See footnote 3, Document 330.

[3] The text of Ambassador Spruance's statement is contained in telegram 2962 from Manila, Mar. 30. (796.00/3-3053)

No. 333

796.00/5-2553: Telegram

The Acting Secretary of State to the Embassy in the Philippines

SECRET MANILA, May 29, 1953—6:24 p. m.

3645. Your 3495[1] states "situation now more than before indicates serious danger bloodshed, all out corruption for November elections". In view your 3334[2] opportunity may now arise get across effectively to Quirino US views as follows: US impartial re candidates and intends cooperate with any administration that comes into power through free exercise will Philippine people. US confident Quirino appreciates US motives, shares conviction that, regardless of outcome, proper conduct at all levels forthcoming elections would consolidate great progress made past five years under his leadership, and realizes eyes of US and world on Philippines. Widespread attention paid recent press speculation on conduct elections does indicate need for vigilance. US confident Philippine Government and people will meet this test in way that will completely discredit such speculation and will contribute further to already high position among free nations of world.

If Ambassador perceives no objections request find appropriate occasion convey substance above Quirino. Believe in general it should do utmost keep US-Philippine relations above domestic politics and consequently plans no postponement until after elections of any pending matters as MDAP, Trade Agreement or military bases negotiations.[3]

SMITH

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[1] Dated May 25, not printed.

[2] Telegram 3334, May 7, reported on the efforts of Spruance and Lacy, partly through the efforts of a Philippine intermediary, to improve relations with President Quirino. During a discussion on May 7 with the two American officials on outstanding questions of U.S.-Philippine relations, not including the elections, Quirino appeared conciliatory. Part of his dislike for Spruance seemed to stem from his belief that the latter had snubbed him by not inviting him to dinner. Spruance informed the President that he had tried to do so during the previous summer through the Foreign Ministry but had been told that Quirino could not accept invitations from chiefs of diplomatic missions. The President expressed astonishment, and the Ambassador indicated that he would be happy to have him as a guest in the near future. (611.96/5-753)

[3] On June 24, Spruance wrote to Assistant Secretary for Far Eastern Affairs Walter S. Robertson to say that he had not acted on telegram 3645 because Quirino's illness had prevented him from seeing the President for some weeks. (796.00/6-2453)

No. 334

796.00/6–3053

Memorandum of Conversation, by the Officer in Charge of Philippine Affairs (Wanamaker)

CONFIDENTIAL WASHINGTON, June 30, 1953.

Subject: United States role in Philippine elections—call upon the President by Carlos P. Romulo

Time: 9:23 A. M.-9:40 A. M., Tuesday, June 30, 1953.

Participants: The President
Carlos P. Romulo
Temple Wanamaker, PSA

The President cordially greeted Mr. Romulo and said "Carlos, I understand you are going into politics, too".[1]

Romulo proceeded to express his concern over honest elections in the Philippines and his hope that arms and munitions supplied by the United States would not be used to carry out a fraudulent election in the Philippines. The President said that the objective of this Government was to have good, friendly governments throughout the world whose representatives were elected by their own processes, that the United States had no intention of doing anything that could be construed as interference in the affairs of these governments, that the Philippines was no exception, and that he was instructing his Government accordingly.

The President then asked what the differences were between the political parties. Romulo stated that the Nacionalistas, as the name implied, were very nationalistic in their outlook and that this was the party of Laurel and Recto, who had stepped aside to make room for Magsaysay. The President said he understood Magsaysay was an honest, straightforward man. Romulo remarked that the big drawback to Magsaysay was his lack of background and experience. He added that at a recent press conference Magsaysay was unable to explain the difference between "balance of trade" and the "Trade Agreement".

The President emphasized that the United States was not taking sides in the election and could not even use indirect pressures such as the threat to cut military aid. The President said that even though he might feel favorably inclined towards one candidate because of past friendships he would never permit himself to be quoted as favoring any candidate.

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[1] During the previous month, Carlos Romulo had decided to run for the Philippine Presidency as the candidate of the Democratic Party. Prior to the election, he in effect gave up the race and supported Magsaysay against Quirino.

Romulo said that President Quirino was arriving this morning for medical treatment and would try to run the government from his bedside at Johns Hopkins. Romulo emphasized his concern that Quirino while he was here would try to get the United States involved in a joint commission to consider the Trade Agreement and that he hoped the matter could be deferred until after the elections.[2] The President stated he was not too familiar with this matter but that we were doing all possible to avoid getting involved in the elections.

On the way out several newspapermen asked Romulo what had transpired. He said that he could not talk about the interview but that he did have a prepared statement, which he presented to them. The statement began "I have not come here to air our dirty political linen at home." Mr. Wanamaker pointed out that this call was the regular protocol call a retiring ambassador pays on the President and which Romulo had not had an opportunity to make prior to his departure for Manila.

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[2] In a letter of July 10 Thruston B. Morton, Assistant Secretary of State for Congressional Relations, informed H. Alexander Smith, Chairman of the Sub-Committee on Far Eastern Affairs of the Senate Foreign Relations Committee, of the latest developments in U.S.-Philippine trade matters. On May 5, the Philippine Government officially requested establishment of a joint committee to study and recommend a definite form of readjustment of trade relations and submitted its own proposals to be used as a basis for such study. On July 1, the United States responded by suggesting, instead of the formation of a joint committee, that the Philippine proposals be referred to a U.S. special executive commission for study.

Morton's letter also contained the following paragraph:

"From the time the Secretary of Foreign Affairs of the Philippines first suggested to the American Ambassador at Manila in June 1952 that a joint United States-Philippines committee be appointed to study and to make recommendations on revision of the Trade Agreement the Department has firmly opposed this proposal. Objection to it has been made on the ground that the Philippines, not the United States, was asking for changes, and since the Philippines is now an independent country, it should request the specific changes it desired which would then be given consideration by the United States. For your confidential information, the Department's decision against a joint committee approach in handling the Philippine request for revision was prompted also by certain political considerations. The Department is of the opinion that the Philippine proposal for a joint committee is a political move to transfer to the United States the responsibility for the disappointments to important Philippine business interests that will inevitably result from any kind of revision involving selected free trade, which is one of the major Philippine proposals. Any such revision would favor the business interests of some politically important Filipinos over the interests of others equally important; this might have unfavorable political repercussions." (411.9631/7-1053)

No. 335

S/P-NSC files, lot 61 D 167, NSC 84 Series

Memorandum by the Under Secretary of State (Smith) to the Executive Secretary of the National Security Council (Lay)

SECRET [WASHINGTON,] July 16, 1953.

THIRD PROGRESS REPORT ON NSC 84/2, "THE POSITION OF THE UNITED STATES WITH RESPECT TO THE PHILIPPINES"

SUMMARY

The Philippines is currently in the throes of a Presidential election campaign. The contenders are (1) Elpidio Quirino of the Liberal Party, the present incumbent, who, under the Constitution, can remain in office only until April 1956, if re-elected, (2) Ramon Magsaysay, former Secretary of Defense under Quirino and now candidate of the Nacionalista Party, and (3) Carlos Romulo, former Foreign Minister under Quirino, who with his supporters broke from the Liberal Party at the Convention that renominated Quirino and established a third party called the Democratic Party. Rumors of a recurrence of the violence and dishonesty characteristic of the Presidential election four years ago have given the forthcoming elections the character of a test of representative government in the Philippines. The United States is using its influence in support of free and honest elections, scrupulously avoiding attempting to influence their outcome. Attempts to involve the U.S. Embassy and other agencies in the Philippines in local politics have, however, been a feature of the election. The Liberal Party in particular has accused the U.S. representatives of seeking to bring about the election of Magsaysay.

Despite the visit of two Japanese Missions to Manila in the past year, the issue of Japanese reparations to the Philippines remains unsettled and the Nacionalistas have blocked ratification of the Japanese Peace Treaty.

The campaign against the Communist-led Huks has improved steadily in the past two years, thanks largely to Magsaysay and the joint U. S. Military Advisory Group.

Of $77 million in economic aid planned for Fiscal Years 1951–53, expenditures as of March 31, 1953 totaled $30.2 million. It is planned to reduce the FY 1953 program to $20 million and the FY 1954 program to $17 million. Of $115 million MDAP assistance planned for Fiscal Years 1950–53, over $46 million worth of equipment had been delivered as of February 1953.

Owing to new tax measures, financial reforms, U.S. assistance, the effect of the Korean war, and increased production of Philippine staple crops, the Philippine Republic has recovered from its near bankruptcy in 1950 and currently both its budget and foreign trade are in near balance.

The policy objectives and courses of action set forth in NSC 84/2 continue to be valid.

NSC 84/2 was approved by the President on November 10, 1950. It is requested that this Progress Report, as of May 26, 1953 be circulated to members of the Council for their information.

This report reviews events since January 1952 and the actions taken by the United States designed to attain its objectives in the Philippines, listed in NSC 84/2 as the establishment and maintenance of:

> "a. An effective government which will preserve and strengthen the pro-United States orientation of the people.
> "b. A Philippine military capability of restoring and maintaining internal security.
> "c. A stable and self-supporting economy."

I. POLICY IMPLEMENTATION

Elections, November 1953.

The positions to be filled are the presidency, the vice presidency, eight of the twenty-four seats in the Senate, and all the 102 seats in the House. President Quirino, according to the Constitution, can remain in office, even if he should be re-elected in November, only eight consecutive years, e.g. until April 15, 1956. Until the end of 1952 it was commonly believed that Secretary of Defense Ramon Magsaysay would be Quirino's running mate on the Liberal ticket, but increasingly strained relations culminated in Magsaysay's resignation from his cabinet post on February 28, 1953, and his issuance of a press statement that he could no longer continue in an administration which wanted him only to kill Huks and continued to tolerate conditions which offered a fertile soil for communism. Nine days later Magsaysay announced his formal adherence to the Nacionalista Party and early in April, with the support of Senators Laurel and Recto, received the Nacionalista presidential nomination.

On May 24, 1953, the Liberal Party, in a convention characterized by dubious parliamentary tactics, nominated President Quirino as its candidate for the presidency. Supporters of the candidacy of Carlos P. Romulo, until recently Ambassador to the United States, walked out of the convention after they were unable to obtain secret balloting. Romulo has now announced the formation of a third party and has secured the support of several prominent figures such as Vice President Lopez and former Governor Lacson of Negros Occidental. In determining whether to continue with the third party or to throw his support behind Magsaysay, Romulo will be paying close attention to Quirino's health. If the combination of gout and heart trouble should prove fatal, a new Liberal Party Convention would have to be held to choose a new candidate.

Recent actions by Liberal Party leaders indicate that President Quirino may be preparing to use the same methods he employed in 1949 when he defeated Jose Laurel, the Nacionalista candidate, in an election notorious for fraud and coercion. Quirino has already attacked opposition leaders for failure to pay income taxes and for alleged Communist sympathies. The Liberal Party has been charged with collecting campaign funds by extortion from Chinese, often as the price for release from detention for alleged Communist activities, and also from businessmen by making the issuance of import licenses contingent upon contributions to the Party. The constabulary, which was used in 1949 to help elect Quirino and which in 1951 was placed under army control at the suggestion of the Joint U.S. Military Advisory Group (JUSMAG), has in some areas recently been removed from direct control of provincial army commanders.

The United States is convinced of the necessity of free and honest elections in the Philippines and is using its influence to that end rather than to advance the fortune of any candidate, recognizing that any attempt to influence the elections would be bound to become public knowledge and would be prejudicial to our own best interests. Through statements to the press, conversations with individuals, and material distributed through USIE; by support or such non-partisan organizations as the League of Women Voters and the National Movement for Free Elections (NAMFREL); and by not discouraging speculation as to whether the United States would discontinue military and economic aid in the event of dishonest elections. Ambassador Spruance and his staff are emphasizing the importance of the continuation of the democratic tradition in the Philippines. They have determined that the close relationship established with Magsaysay in his capacity of Secretary of Defense shall give way to a formal, neutral, correct attitude toward Magsaysay the candidate.

The Embassy and other United States Government agencies in the Philippines cannot, however, expect to remain immune from attempts to involve them in local politics. In fact, such attempts—chiefly exemplified by accusations of the Liberal Party that United States representatives are working for the success of the Nacionalistas—have been a feature of the Philippine political scene since the autumn of 1952.

The differences between the parties on basic issues are slight. Despite their platform promises of reform and progress, Nacionalista leaders, like those of the Liberal Party, have no specific program designed to cope with the country's major problems. Their interest lies almost wholly in ousting Quirino. Although Magsaysay believes that social reform, particularly with respect to land tenure, is essential for the maintenance of peace and order, it is doubtful that if elected president he could institute any very drastic measures since these would by their very nature run counter to what most members of the Congress consider their personal interests. Regardless of the outcome of the 1953 elections, few major changes can be expected in domestic policies.

Japanese Peace Treaty

During the past year two Japanese missions have visited Manila for the purpose of discussing reparations. Although Liberal Party leaders have made sincere efforts to obtain Senate ratification of the treaty, the Nacionalistas have successfully blocked ratification and have made it difficult for the administration to retreat from its previous demands for large cash reparations.

Korea

The Philippines has maintained in Korea a battalion combat team of approximately 1200 officers and men. A proposal to withdraw these troops made by several pro-Quirino Liberal Congressmen in March 1953 ostensibly in the interests of economy was vigorously attacked in the press and apparently has been dropped.

Indochina

The Philippine Department of Foreign Affairs still holds that the Associated States of Indochina do not have sufficient attributes of sovereignty to merit recognition.

Internal Military Action

A steady improvement in the campaign against the Communist-led Huks has been evident in the past two years. The more aggressive spirit of the Philippine armed forces and improved discipline and training, attributable in large part to Magsaysay and JUSMAG, have prevented the Huks from carrying on their activities on a scale comparable to that of 1949 and 1950. So far the resignation of Magsaysay has not appreciably diminished the effectiveness of the armed forces, as had been feared.

Mutual Defense Treaty

The Mutual Defense Treaty was signed at Washington on August 30, 1951. The Philippine Senate gave its unanimous concurrence on

May 12, 1952, and ratifications were exchanged at Manila on August 27, 1952.

Mutual Defense Assistance Program

Under MDAP $115,200,000 was programmed for FY 1950–1953 inclusive. Shipments under the combined FY 1950–53 programs as of February 28, 1953, amounted to $46,700,000 which represents 41% of the total based on value.

Military Bases Negotiation

The United States Government has under consideration the sending of a special mission to the Philippines, as recommended by the Ambassador, to acquire land for military base expansion and to focus Philippine attention on the necessity of resolving in an expeditious manner certain property questions and related matters arising from the Military Bases Agreement.

Economic Aid

Originally planned economic aid programs for fiscal year 1951 through 1953 amounted to $77 million. Of this amount, expenditures as of March 31, 1953, totaled $30.2 million. The inability of the Philippines to utilize funds available has been due in part to detailed planning necessitated by the nature of a project program requiring review and approval by relatively inexperienced Philippine officials. It has become apparent that a five-year program of $250 million as envisaged by the Bell Mission is beyond the capacity of the Philippines to absorb and that a program based on smaller yearly expenditures over a longer period of time is more realistic. Consequently, it is planned to reduce the FY 1953 program to the level of $20 million and the FY 1954 program to $17 million.

The program is making some impact on the Philippine economy by improving and extending the technical and administrative operations of the Philippine Government through advisers in the fields of finance, public health, low-cost housing, agricultural extension services, plant disease control, labor, and education; the opening up for settlement of new lands in Mindanao by the building of a system of roads; and the expanding of food production through distribution of fertilizer, assistance to agricultural colleges, and the installation of irrigation systems.

Philippine Economic Position

As a result of the new tax measures passed by the Philippine Congress pursuant to the terms of the Quirino–Foster Agreement, and more efficient collection of taxes, revenue in FY 1952 was more than double that of FY 1950. In contrast to a considerable deficit in FY 1950 the government was able to show a budgetary surplus in FY 1951 and 1952. It appears, however, that there will be a small deficit in FY 1953, with total government expenditures estimated at $354 million.

Exports, $254 million in calendar year 1949, reached a peak of $499 million in 1951, reflecting post-Korea price increases for Philippine agricultural products, and declined to $352 million in 1952. Imports have been reduced from a post-war peak of $657 million in 1949 to about $425 million in 1952. The unfavorable balance of trade of $72 million in 1952 is more than offset by United States Government expenditures (including benefits to veterans) of $134 million. The international reserve (Central Bank and private banks) of over $300 million is considered adequate.

The production of Philippine staple crops continues to improve. Sugar production in 1952 amounted to over one million short tons as against less than 800,000 in 1951. The 1952-53 rice crop, expected to be the largest in Philippine history, is such that imports may be unnecessary.

II. POLICY EVALUATION

The policy objectives and actions recommended for achieving them as set forth in NSC 84/2 continue to be valid.

In no small measure because of United States influence the 1951 congressional and gubernatorial elections were reasonably honest. The United States is following the same tactics in regard to the even more important 1953 elections.

Financial reforms undertaken by the Philippine Government saved it from near bankruptcy in 1950 and resulted in a budget surplus in FY 1952.

In compliance with the terms of the Quirino-Foster Agreement, the Philippine Congress passed in 1951 a minimum wage law and in May 1953 a law greatly strengthening the rights of unions but at the same time defining their obligations.

Although the Philippine Government has passed measures to provide better rural credit facilities and to improve its agricultural extension services and is considering means of accelerating issuance of land titles, which will greatly expedite the orderly settlement of virgin lands in Mindanao, it has shown no inclination to come to grips with the fundamental problems of land tenancy. Once the elections are over the United States should continue to exert efforts to focus Philippine attention on finding workable solutions.[1]

WALTER B. SMITH

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[1] In NSC Action No. 876, taken at the National Security Council meeting held on Aug. 6, the Council took note of this report.

No. 336

796.11/8-1953: Telegram

The Acting Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, August 19, 1953—7:01 p. m.

464. Bonsal and Bell[1] called on Quirino August 18; Acting Secretary and Mr. Robertson called on August 19. All in agreement Quirino appears in pathetically low state of health, lacks vitality and capacity for sustained discussion. He is in wheel chair allegedly because of gout.

Conversation Acting Secretary, Robertson and Quirino completely courtesy and social with only brief expression by Quirino that he hoped Philippine political campaign would not interfere with normal US-Philippine relations.

In conversation with Bonsal and Bell, Quirino referred to guerrilla recognition, Trade Agreement revision, and back pay and other benefits Philippine veterans.

Bonsal stated guerrilla recognition closed and referred to letter to Governor Cuenco which later appeared as Department press release April 1950.[2] Quirino was not familiar with letter to Cuenco but did not pursue subject indicating he may have held little hope any success this issue. Bonsal described steps we have taken re Trade Agreement, need for careful study, July 21 request for additional information and need for coordination with President Eisenhower's new committee on economic policy.[3]

Quirino said that one of ten possible items of discussion at this time would be question of payment of increases in Philippine Armed Forces pay rates ordered by Osmena in 1944. He said General MacArthur had approved Osmena's order. Bonsal stated that he was not familiar with this specific issue but that he believed all matters of this nature had been thoroughly explored and equitably settled in the past. He said, however, that if the Filipinos cared to raise any new issues through normal diplomatic channels we would give them usual prompt and thorough consideration.

Quirino stated that he had called Castelo to Washington especially to discuss these issues with appropriate American officials next week. If Castelo, who has not yet approached us, proposes discuss these matters, it will be suggested that issues fully documented be presented through normal diplomatic channels for our examination before we can determine whether such discussions with Castelo warranted.

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[1] James D. Bell of the Office of Philippine and Southeast Asian Affairs.

[2] The text of the letter from Secretary Acheson to Governor Manuel Cuenco of Cebu, who had transmitted a resolution from the Conference of Philippine Provincial Governors and Mayors, is printed in Department of State *Bulletin*, May 22, 1950, p. 820.

[3] Reference is to the Commission on Foreign Economic Policy, chaired by Clarence B. Randall, which submitted its report to President Eisenhower on Jan. 23, 1954.

In discussing forthcoming elections, Quirino said that they would be conducted in accordance with democratic principles. He referred to 1951 elections as model and added he would not jeopardize honorable record his forty years public service just to serve another two years as President. Bonsal expressed satisfaction this statement and stressed importance attached here this question. Quirino attacked Laurel for alleged statements re "revolution"; and accused Nacionalistas fostering rumors that election would be characterized by fraud and corruption. He referred to Batangas abortive uprising in 1950 as having been Laurel inspired. His comments on political situation delivered in weary and bitter tone.

In reply to press inquiries Department has stated calls on Quirino were of purely courtesy nature.

Quirino said he plans leave here by air August 24 stopping three or four days San Francisco and three or four days Honolulu on way to Philippines.[4]

SMITH

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[4] On Aug. 20, the Department of State added the following information:

"Quirino in brief reference to Huk situation said he was not concerned. Implied does not view situation as serious any longer. No reference to alleged surrender negotiations." (Telegram 474; 796.001/8-2053)

No. 337

796.001/8-2153: Telegram

The Acting Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, August 22, 1953—3 p. m.

504. Personal for the Ambassador. Limited distribution. Your 405.[1] General Pierson called on Quirino August 21; discussion centered on peace and order situation and MDAP program. General Pierson gave Quirino substantially same general information con-

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[1] Telegram 405, Aug. 21, reported, among other things, on alleged surrender terms being discussed by the Philippine Armed Forces and Huk leaders, indicated that the Embassy had maintained that unconditional surrender followed by trial was the only basis on which Huk surrender should be considered, and said that "neither Embassy nor JUSMAG . . . nor any responsible officer AFP regard Huk menace as no longer threatening nor serious." The Embassy still believed that the Philippine administration was trying to negotiate with the Huks to secure their assistance in keeping voters away from the polls by terrorist methods. (796.001/8-2153)

tained in his letter to Secretary Castelo dated about 11 August.[2] President Quirino asked for information on status of $10,000,000 fund and commented on current strength Philippine Army in light of closing out of "augmentation" stating that with the current Korean situation Philippine troops might be returned from Korea to campaign against the Huks. General Pierson advised him that Philippine Army had sufficient troops in the Philippines at present time with capability closing out Huk campaign in six months and certainly in much less than one year.

President Quirino stated that Duque[3] had talked to him about a newspaper item on Huk surrender and that Duque was enthusiastic about his operations against Taruc.[4] President Quirino indicated that report of current surrender negotiations was newspaper item and that last time he had talked Huk surrender was months ago. President Quirino seemed pleased with progress anti-Huk operations. General Pierson pointed out that only unconditional surrender should be considered.[5]

SMITH

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[2] Not printed.

[3] Gen. Calixto Duque, Chief of Staff of the Armed Forces of the Philippines.

[4] Luis Taruc, military commander of the Huks.

[5] On Aug. 28, the Department informed the Embassy that a recent statement by Secretary of National Defense Castelo favoring only unconditional Huk surrender was made on instructions from Quirino. (Telegram 428; 796.001/8-2553).

No. 338

796.00/10-353

Memorandum Prepared for the Ambassador in the Philippines (Spruance)[1]

TOP SECRET [MANILA,] 3 October 1953.

Subject: Philippines Situation

1. Most of what follows is familiar to you. Its a synopsis of what we know of today's outlook of Filipinos. Their attention is centered on only one thing: the November elections. All else, including U.S. bases, Bell Act revision, and back-pay, is of interest only as it affects the election.

2. *The Nacionalistas*

a. Magsaysay is confident that, given a clean election, he will win 80% of the popular vote. His overwhelming personal popularity, now being enlarged by senatorial and congressional candidates who make use of it in their own campaigns, makes this optimistic estimate of his not too far from the truth. His personal nightmare is that he is going to be robbed of the election.

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[1] An unsigned handwritten note on the source text reads: "Prepared by Col. Ed Lansdale of JUSMAG".

b. The Nacionalistas are plagued by lack of organization, no effective command, internecine feuds. Magsaysay insists upon spending most of his time in the field, on his personal campaign (he is not too happy over some of the other candidates on the Nacionalista slate). The lack of funds, primarily due to disorganization, is felt mostly by Congressional candidates.

c. There is a strong possibility that at least two Nacionalista Senators (Zulueta and Verano) will defect before election day. This is not serious, although Zulueta carries many votes and has the fierce loyalty of his own followers.

3. *The Liberals*

a. In a free election, Quirino most probably would run far behind vice-presidential candidate Yulo and possibly also behind such senatorial candidates as Avelino, Madrigal, Osias, and maybe even Pecson. Other Liberal candidates are negligible.

b. The Liberals are not as well organized as they had expected to be. Defections, strong opposition, unwillingness of some hired hands are all causes. Rumors are strong that they lack non-governmental funds, although this hasn't shown up yet in their actions. Liberal treasurer J. Amado Araneta is privately worried, probably near personal bankruptcy. Despite such factors, the Liberals are loudly confident (especially children, relatives, party bigwigs). Their nightmare; there might be a Magsaysay-inspired *coup d'état.*

c. Liberal confidence obviously is based upon Party control of all governmental machinery, including the Armed Forces. Or, in event of partial loss of such control, sufficient means to produce fraudulent returns successfully. (Nacionalista leaders estimate that they could overcome 400 to 500 thousand fraudulent votes and still win; in June, Liberal leaders had estimated they could count upon about 200 thousand stuffed ballots in the natural course of events; Liberal estimates on how many fraudulent ballots will be required to win now are unknown.)

4. *The Armed Forces*

a. For terrorism, intimidation of voters, and the protection of fraud, the most effective existing machinery available to the Liberals is that of the Armed Forces. Can the Liberals make use of the AFP as their private instrument?

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c. Deputy Chief of Staff Vargas personally favors Magsaysay, stood up to Quirino in the 1951 election, has the respect of most AFP combat leaders, and is convinced that political use of the AFP would ruin it. Thus, the Liberals will try every tactic to immobilize Vargas, even if they cannot send him out of the country as they had hoped.

d. Brigadier General Arellano, whom strong AFP staff rumors place as successor to Duque, is probably working already for Quirino, although this information is not confirmed.

e. Two-thirds of the Provincial Commanders of the Philippine constabulary (37 officers to date) have been transferred in the past 8 months. Into the key post of keeping law and order in the provinces have come men with records of political misconduct and violent partisanship, including men previously expelled from misconduct.

f. Within the past 4 to 6 months, there has been a gradual shuffle of command, with nearly every higher-ranking officer who was known to oppose the use of the AFP for political purposes now transferred to a non-command position (mission in U.S., attending school, teaching on review boards, etc). AFP officers call this "cold storage" among themselves, look upon it as punishment (at this particular moment).

g. There still remains the possibility of a replacement for Secretary of National Defense and Chief of Staff. Among rumored replacements are Castaneda, Ramos, Crisologo, Peralta, and Pendatun. Such a change probably would result in demoralization of the AFP.

5. *Other Government Agencies*

a. The Provincial Treasurer has the most sensitive task in a national election: receiving the tallies from municipal treasurers, preparing the consolidation, calling the meeting of the board of provincial canvassers (by custom they confirm his figures, by law they are supposed to make the consolidation), and reporting provincial results to the Senate (presidential returns) and to the Commission on Elections (all other returns). If fraud is intended, the Provincial Treasurer is in a position to change tallies, hold meetings at times inconvenient for the canvassers, delay his report, change it. Teamed with a dishonest Provincial Commander of the Constabulary, the two can change election results to their hearts content.

b. Around July and August, selected Provincial Treasurers (nearly all of whom are reputed to be men of high integrity and definitely opposed to political chicanery) were called to Manila and set to work on the national budget for the next fiscal year. Excuse: they were fiscal experts. In their places were appointed acting Treasurers who follow orders.

c. There have been attempts by the Liberals to pressure provincial managers of the Philippine National Bank (also the RFC managers) to refuse crop and developmental loans to selected persons opposing the Liberals. So far, these Liberal attempts have not been too successful; bank officials have shown real courage, are actively being noncooperative.

d. The Bureau of Internal Revenue and the Bureau of Lands are both used as instruments of punishment, in attempts to bring the opposition into inactivity. Sudden demands for taxes or sudden reallocations of land are the means used. These means have been used, also, in keeping Liberal rank-and-file in line.

6. *Other Election Instruments*

a. Yulo has reaped a certain acclaim from his statements about refusing to be seated if he wins by fraud. His statement is strengthened by the fact that Rafael Lacson, engineer of fraud in 1949 and 1951, is opposing Yulo in Negros. Our reports from Negros are that Yulo's lieutenants there have quietly taken control of mayors and municipal police formerly controlled by Lacson, and are employing most of his chief thugs now.

b. We have strong, but unconfirmed, reports that Speaker Perez has distributed ballots to the Liberal machine in the provinces—the ballots to be filled out by Party workers and used to stuff the ballot boxes on election day. Places reported so far are: Concepcion (Tarlac), Iloilo, Cebu, and Sulu. Three samples of these ballots, on the way to where we could examine them in Manila, disappeared; the wife of the courier bringing them is reportedly asking for burial expenses; we are checking. These reports are the first ones we place any credence in, after a long series of rumors re ballots being printed in Hongkong, being printed in Perez' backyard, etc. There is some possibility that the ballots now being distributed actually were taken out the back-door of the Commission on Election by employees there.

c. We have no confirmed reports on the number of goons hired by the Liberals. Our conservative evaluation of unconfirmed reports would place the number between 800 and 1,000 gangster types wholly or principally supported by Liberal leaders throughout the Philippines. This number can be expected to balloon as election day nears. The toughest group of goons has been organized by Ben Ulo for Antonio Quirino. Apart from the goons is the Commando Intelligence Unit, Office of the President, organized by Marking. Last payday, there were 36 full-time regular agents in this unit. It is both an intelligence (political) collection group, as well as undertaking agent-provocateur actions politically.

d. Liberals have turned to the goon idea from rich experience in past elections. This time, however, they are provoked to stronger action by their belief that Terry Adevoso (of the MPM) has organized 10,000 former guerrillas as a vigilante group for Magsaysay. The Adevoso group supposedly is built around the Hunters ROTC guerrillas, of whom he was the wartime head. We know positively that Adevoso has no such organization, nor has Magsaysay. On the other hand, such an organization could be built up rapidly if Magsaysay clearly asked for it, and if there was concrete evidence of patriotic need. The former guerrillas are not plain hired hands to be ordered up by whim, but patriotic citizens who would have to sacrifice a great deal if they participated.

7. *Reactions*

a. The possibility of armed revolt against a Quirino government elected this November is real, even if fraud cannot be proven in court. A people's revolt requires leadership. This one would have it (not only Magsaysay, but rabblerousing lieutenants like Laurel and Recto). Military leadership would come from experienced men who fought the Japanese, including probably the cream of combat commanders of the AFP. Such a revolt could muster an armed force at least equal to that loyal to the government, but would be backed morally by an overwhelming majority of the people.

b. Quirino's nightmare is that the AFP would switch allegiance to Magsaysay. This is not quite true. A number of military men would stick to Quirino, with their men—although there is strong likelihood that most of the AFP men in the initial Quirino force would soon defect to Magsaysay when the shooting started. Thus, the top Liberal command, through Antonio Quirino (who was put on active duty as a Lieutenant Colonel with the Chief of Staff), is reportedly arming civilians with political allegiance to the Liberal machine in the provinces. Magsaysay states that the General Staff has informed him that Duque ordered a fresh distribution of firearms to civilian commandos and that 17,000 arms have been distributed in the past 3 months. Magsaysay estimates that he distributed 14,000 firearms to civilian commando units to fight the Huks while he was Secretary.

c. Our[2] problem has been, and remains, to channel the energies of fighting men into the legal means for a free election under the Philippine Constitution. This has met with some success, but not entirely. We are up against the age-old problem of trying to fight an uninhibited, free-wheeling force by the slow and difficult means provided by law. It is always easier to shoot a man you feel certain is guilty, than to try to prove his guilt in court. The United States is not in position to exert sufficient pressure to stop a revolt; all the U.S. can do, from Filipino's past experience, is scold, and words are soon forgotten.

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[2] On the source text, the word "our" is circled with a question mark in the margin.

8. *Anti-U.S.*

a. Pressures applied on Quirino via the U.S. Embassy and the U.S. press might well cause Quirino to undertake an anti-U.S. campaign. President Quezon did so, in the past, and was popular. If permitted to be unchecked, such a campaign could gain a popular following for Quirino as the underdog fighting a U.S. pictured as a bully, or at its mildest, a gallant little David fighting Goliath for the amusement of a crowd whose sympathies would gradually go to the little fellow.

b. Filipino reactions must be watched closely. However, the main actions to overcome an unfavorable reaction are simple: to get Filipinos to see Quirino as a bad actor, and to laugh at him. These actions are being planned and will be undertaken,[3] if there is the need. Filipinos have already started, by themselves. The most biting action is being sponsored by Yabut, radio disc-jockey with an immense provincial following. His latest vehicle of attack is a song patterned after that used by Filipino beggars: President Quirino do not eat too much more or you will burst, we are hungry and starving, my family does not have work, the whole nation is miserable, we beg you to retire so our nation may live. This song is bringing a sort of embarrassed giggle throughout the provinces; it will soon turn to open laughter as people become used to the idea of ridiculing their leader.

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[3] A handwritten notation in the margin of the source text reads "by whom?".

No. 339

796.00/11-453

President Eisenhower to President Quirino[1]

CONFIDENTIAL [WASHINGTON,] November 4, 1953.

DEAR MR. PRESIDENT: I acknowledge receipt of your letter of September 16[2] in which you welcome my proposal to send a mission to the Philippines to discuss with a similar body appointed by Your Excellency the expansion and development of certain bases and other outstanding property and related questions. I have instructed the Secretary of State to communicate further with your Government, through the normal diplomatic channels, regarding the matters related to the defense of the Philippines that might properly be considered by our respective missions.

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[1] The source text is a typed copy of the letter from the files of the *Ad Hoc* Interdepartmental Committee on Military Bases Agreement, Philippines. The letter was sent to the Embassy in Manila for delivery to President Quirino.

[2] Not printed.

It is my hope that the conversations between our respective missions will lead to an agreement which will enable both our Governments to proceed with the fulfillment of the obligations assumed under the Mutual Defense Treaty. As you are aware, developments in the Far East in recent years make it imperative that we proceed without delaying to an agreement which will permit expansion and development of certain bases. I am confident that Your Excellency would not wish any matter extraneous to the urgent need for implementing our mutual defense to be allowed to jeopardize or delay agreement on the bases question. For these reasons, I am sure you will agree with me that enlargement of the scope of the proposed discussions to include claims arising from the last war is not desirable.

With reference to the claims arising out of organizational and other arrangements effected during the last world war concerning military personnel, I desire to point out that, during the eight years that have elapsed since the termination of hostilities, the United States Government has given careful and thorough consideration to all Philippine claims presented within the generous time limits allowed. The guerrilla recognition program was terminated on June 30, 1948. In a letter to the Department of State on April 21, 1949, the Secretary of the Army stated: "The Department of the Army considers that the recognition program has been properly terminated and that recognition claims have been accorded due and careful consideration in all cases." This position was communicated to the Philippine Embassy in Washington on May 11, 1949, together with a copy of the April 21 letter from the Secretary of the Army.[3]

The Philippine Embassy, in a note dated October 30, 1950,[3] submitted nine categories of claims which your Government considered chargeable against the fund consisting of the unexpended balance of the appropriation "Expenses: Army of the Philippines." In a note from the Department of State to the Philippine Embassy at Washington, dated April 30, 1951,[3] the United States Government held that sufficient time was allowed for presentation of claims, that these claims were thoroughly investigated and payment made on those considered worthy, and that the entire program was completed on December 31, 1949. Notes of November 24 and December 27, 1950,[4] from the Philippine Embassy at Washington requested consideration by the United States of claims for arrears in pay, pensions and other benefits for certain widows and orphans of servicemen of the Philippine Army and for arrears in pay and allowances of certain members of the Philippine Scouts and of the Philippine Army who were formally inducted into the United States Army Forces in the Far East during the last war. In a note dated June 28, 1951,[4] the Department of State notified the Philippine Embassy at Washington that an extensive period of time had been provided for presentation of such claims, that these claims had been given due consideration and that the subject was considered closed.

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[3] Not printed.

In view of the general thorough consideration given to claims presented by your Government in the period of eight years which has elapsed since the end of the war, I can see no prospect that the United States Government can now or in the foreseeable future give favorable consideration to a reexamination of these claims and I must express my firm conviction that further discussion, arousing as it will vain hopes among so many, would not be in the true interests of our two Governments.

With continued assurances of my highest regards,

Sincerely,

DWIGHT D. EISENHOWER

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[4] Not printed.

No. 340

796.00/11-653

Memorandum by the Officer in Charge of Philippine Affairs (Bell) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright)

CONFIDENTIAL WASHINGTON, November 6, 1953.

Subject: Statement by Secretary Elizalde alleging interference in Philippine domestic affairs by Mr. Bell.[1]

Secretary Elizalde's statement made the following reference:

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[1] On Nov. 3, Elizalde issued a lengthy statement charging the United States with interference in the Philippine elections. His statement was made partly in response to remarks made by Bell on Oct. 8 in a speech before the Philippine session of the Conference of the Far East-American Council of Commerce and Industry at New York; text is printed in Department of State *Bulletin*, Oct. 19, 1953, p. 523.

> "Of course, the State Department, through Mr. James D. Bell, head of the Philippine Division, who was Political Secretary in the American Embassy in Manila under Ambassador Spruance up to a few months ago, came out with a declaration in a public address that 'Absolute impartiality with respect to internal partisan politics has been our policy, is our policy and will continue to be our policy' but in the same breath, he added that 'Yet as one of our main objectives is political stability, we cannot deny that we are concerned that the democratic processes function so that the people may freely express their will.' "

Secretary Elizalde in subsequent paragraphs charged that this statement by implication accuses President Quirino and his administration of subverting the democratic ballot, constitutes meddling in the Philippine elections, is an indictment of the officers charged with the duty of safeguarding the sanctity of the ballot, lends aid and comfort to the opposition candidate, tends to undermine the faith of the Philippine people in their ability and determination of the Philippine Government to execute the laws faithfully and impartially, is a lack of regard for Philippine sovereignty, reflects on the will of the Philippine people to hold an honest election, is an expression of doubt that there will be a free election, may lead to serious post-election problems and demonstrates that the issue of American intervention in Philippine elections is not a false issue.

Secretary Elizalde failed to point out that immediately following the statement he quoted, I said:

> "We are confident, on the basis of statements from Philippine leaders, that the elections will be conducted in such a way as to prove a blow to the aspirations of international communism and will advance the cause of the Free World in the Far East."

This address was written early in October and delivered on October 8, before the presidential campaign in the Philippines had reached its present high emotional pitch. The Embassy had announced a policy of complete non-intervention and refusal to comment on charges of American intervention as early as April 1953. Officers of the American Embassy at Manila, including the Ambassador, had stated privately on many occasions to Philippine leaders our concern with the conduct of the coming elections. It was the opinion of PSA at the time I made my address in New York that an official expression of this view was desirable. President Quirino's insinuations of American interference in the Philippine election had not at this time reached the pitch that they did subsequently. My statement was the first and until November 6 the only official statement of our concern.[2] Although my address received no publicity in the United States except for a very small item buried in a *New York Times* story, it appeared on the front page of several Manila newspapers on October 9. I am attaching a clipping from the *Manila Bulletin.*[3]

I believe that in a sense there is some merit to Secretary Elizalde's contention that by expressing concern over the conduct of the elections we are meddling in Philippine domestic affairs. However, at the time I made this statement PSA believed that an expression of our position was desirable. The circumstances prevailing then were considerably different from the circumstances prevailing now, particularly in view of Quirino's oblique attacks on us and the fact that our position has been stated once and that the principal effect of reiteration would be to antagonize some members of the present Philippine administration.

My address was read and approved by Mr. Bonsal, Mr. Robertson, and FE/P.

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[2] On Nov. 6, President Eisenhower released the text of a letter which he had sent on that date to Myron M. Cowen, former Ambassador to the Philippines, in response to a letter from Cowen of Oct. 27 concerning the elections. The President expressed his conviction that the Philippine people would meet this vital test of their democracy in a manner reflecting pride on themselves and on the American people who had worked long for Philippine independence. The text of Eisenhower's letter is in *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1953*, p. 749.

[3] The clipping, not printed, is from the *Manila Bulletin*, Oct. 9, 1953.

No. 341

796.00/11–953

Memorandum for the Secretary of State

SECRET WASHINGTON, 9 November 1953.

Subject: . . . Possible Armed Revolt in the Philippines.

1. At the time of Ambassador Spruance's presence in Washington during the forepart of October, he reported his concern over the fact that Magsaysay and certain of his supporters were talking quite freely about the possibility of an armed insurrection in the event the elections were to be lost as a result of fraud and intimidation on the part of Quirino and his supporters. This problem was the subject of several discussions which were participated in by Ambassador Spruance and representatives of the Department of State . . . [1] and it was the unanimous view that all reasonable

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[1] No record of these discussions has been found in Department of State files.

and feasible steps should be taken to deter Magsaysay and his supporters from unconstitutional activities and to persuade them to refrain from any further discussions or threats of resorting to such activities.

2. During the latter part of October . . . a number of reports . . . indicated that Magsaysay and some of his close supporters for his candidacy as President of the Philippines were planning for the possibility of armed revolt in the event that President Quirino should "steal" the election by conspicuous fraud and violence. Some of the reports indicated that certain of the more irresponsible of Magsaysay's supporters, including Senator Laurel, were actually making physical preparations for such armed action.

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4. On 6 November . . . reported that Magsaysay and Nacionalista Senator Puyat had requested a secret meeting with the United States Ambassador to seek confirmation of the United States policy position in the event that President Quirino "stole" the election with conspicuous fraud and violence. The Ambassador had agreed to meet with Magsaysay and Puyat . . . .

5. On 8 November . . . reported that the meeting had been held . . . with Magsaysay, Senator Puyat, Ambassador Spruance, Counselor of the Embassy Lacy . . . in attendance. The report stated that Magsaysay gave firm assurances that he would take no armed action and that he was able to control all his partisans in this matter. He went on to say that if Quirino received an apparent plurality of the vote through massive fraud and terrorism, he was confident the Nacionalistas could gain majority support in Congress to prevent the confirmation of Quirino and to declare Magsaysay President. Magsaysay said he would then promptly relieve General Duque as Chief of Staff and appoint General Vargas in his place. Magsaysay hoped that with such Congressional and Army backing he could establish a stable government, meeting the requirements for United States recognition, which would be needed as soon as possible.

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No. 342

796.00/11-1653

Memorandum by the Deputy Director of the Office of Philippine and Southeast Asian Affairs (Day) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright)

SECRET WASHINGTON, November 16, 1953.

Subject: Philippine Elections

There is attached Mr. Bell's analysis of the probable trends in the Philippine Government following Magsaysay's election victory.[1]

Mr. Bell's comments include the following:

(1) The conservative elements among the Nacionalista supporters of Magsaysay will assert considerable influence in the new administration.

(2) The general moral level of government will improve.

(3) Efforts to implement liberal economic policies including land reform, may be blocked by older leaders even in Magsaysay's own party.

(4) The same leaders will oppose any radical departure from conservative economic policies and will probably have more political influence than the group favoring a liberal point of view.

(5) No drastic change from Philippine support of the free world is anticipated but the influence of Laurel and Recto may produce a trend toward a "neutralist" foreign policy.

[Attachment]

Memorandum by the Officer in Charge of Philippine Affairs (Bell) to the Deputy Director of the Office of Philippines and Southeast Asian Affairs (Day)

SECRET [WASHINGTON,] November 16, 1953.

Subject: Philippine Elections.

The victory of Ramon Magsaysay and the Nacionalista party in the Philippine elections is not expected to lead to any major shift in Philippine domestic or foreign policy. Magsaysay was supported by a wide range of persons representing disparate points of view. He obtained the nomination under terms of an agreement signed by Senators Laurel, Recto and Tanada with the aid and more or less open support of the young businessmen and businessmen's veterans' organizations, particularly the Junior Chamber of Commerce. . . .

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[1] In the elections held on Nov. 10, Magsaysay won an easy victory over incumbent President Quirino by a margin of approximately 2.9 to 1.3 million votes in a contest which saw a heavy voter turn-out at the polls. Magsaysay was inaugurated on Dec. 30.

Apart from his wide personal following the major leaders supporting him fall into three categories:

1. The older leaders of the Nacionalista Party, principally Senators Recto, Laurel and Rodriguez, who have had many years' experience in the Philippine political arena and who also enjoy widespread personal influence. Recto is the most brilliant lawyer in the Philippines, the greatest master of the English language in public life in the Philippines, and a man of integrity. The fact that he and Laurel served as Secretary of Foreign Affairs and President respectively during the Japanese occupation is of no political significance in the Philippines today. Political developments since the War have demonstrated that the Filipino people are convinced that Laurel and Recto acted in their best interests during the occupation. Laurel is an aesthete, almost something of a mystic, probably an alcoholic, and astute politician and almost devoid of any knowledge of or interest in economics. Although Laurel has captured the imagination and affection of many Philippine peasants and workers, it is unlikely that he would advocate any radical reform measures. Recto is wealthy; Laurel less so. In general, they represent the views of the conservative land-owning class. although Laurel might assume a somewhat more progressive attitude than Recto. These two men will almost certainly dominate the Philippine Senate for the next four years. Senate President Rodriguez, respected as "an elder statesman", is in fact less influential than either Recto or Laurel. Some younger politicians regard him as senile.

Because of the control of the Philippine Senate by representatives of this element it is likely that they will exert a very considerable influence in the new administration.

2. The relatively younger, more militant, Catholic Progressive element, in part under the leadership of Senator Lorenzo Tanada, played an important role in the election of Mr. Magsaysay but generally lack any real political strength through a political party. Tanada's Citizens party has many attributes in common with European Progressive Catholic political parties. Generally viewed as a "knight in shining armor", Tanada is young, aggressive, absolutely honest but somewhat immature politically. He holds progressive social views which are probably less leftist than they were a few years ago. Philippine correspondents covering the Senate invariably list Tanada as one of the best men in the Senate.

The Catholic Church played a much greater role in this election than they ever had in the past. A few days before the election Quirino, in a letter to the Papal Nuncio objected to the Church's interference in the political campaign. Most of the leaders of the Catholic action, close associates of Tanada, ostensibly worked for honest elections; in fact, they also worked for the election of Magsaysay. According to one report of unknown reliability the Bishop of Jaro, in Iloilo, in effect endorsed Magsaysay publicly.

3. Magsaysay was strongly supported by the principal organization of young business men and veterans, particularly the leaders of the Junior Chamber of Commerce, the Lion's Club and the Philippine Veterans Legion. While some of these leaders may have personal political ambitions, the majority probably supported Magsaysay because of their desire to eliminate corruption and inefficiency from the Philippine Government. They in general represent the type of leadership which is to be found among organizations of young progressive businessmen in the United States.

These three groups will all compete in attempting to influence Magsaysay's policies. On the basis of what we know about Magsaysay, it is likely that his personal attitudes are closer to the Catholic progressives and the young business men than to the older political leaders. Certainly, his attitude toward the need for reform of the land tenure system, resettlement and the issuance of land titles would receive more support from the younger element. It is debatable, however, whether he will be able to obtain the necessary cooperation from the Philippine Congress to carry out any drastic reforms. The older entrenched party leaders will have firm control of the Philippine Senate and very likely great influence in the House. The followers of General Romulo in the Democratic party, particularly the four Senators, formerly Liberals, who joined him, are all seasoned politicians and more sympathetic to the conservative social views of the Nacionalista leaders than they are to the other group cited above.

On the basis of these considerations, it seems likely that there may shortly develop a struggle within the Magsaysay camp to mold his political and social thinking which is as yet relatively undeveloped. There will inevitably be a series of compromises but it seems likely that, if Magsaysay's personal prestige and courage are as great as we have been led to believe, he may be able to effect a shift away from the traditional pattern of domination of the Philippine Government by the absentee landlords and those who represent them. Reports on Magsaysay's personality do not indicate that he is adept at the art of compromise. On the contrary, he has a tendency to be impetuous. It is possible that if these disparate elements find their differences irreconcilable the party will split. In this event, Magsaysay would find it difficult to fulfill many of his campaign pledges.

It is probable that the general moral level of government will improve although a few of the most notorious scoundrels in the Philippines, including Senator Cuenco and Governor Lacson, both former Liberals, supported Magsaysay and Cuenco was elected to the Senate as a Nacionalista. Lacson was defeated for the House of

Representatives and will probably go to jail as he was recently convicted of rape and is being tried for murder.

It is almost impossible to prognosticate Magsaysay's economic policies. There is no question that he has a burning desire to improve the standard of living of the mass of the people. However, as mentioned above, he will have considerable opposition from the older leaders in his own party.

Magsaysay's economic advisers represent a number of varying viewpoints. Salvador Araneta and Senator Rodriguez are both protectionists. Leo Virata and some of the Junior Chamber of Commerce leaders might be expected to advocate a more liberal foreign economic policy. Domestically the powerful Senate leaders will oppose any radical departure from conservative economic policies designed to protect the economic welfare of a relatively small group which has traditionally dominated the Philippine Government. Those supporting a liberal point of view will probably have less political influence than the group favoring conservative policies. Magsaysay's foreign policy will depend largely on the degree to which he is influenced by Senator Recto who has in the past favored a "neutralist" policy similar to that of Indonesia or India. It does not appear that even Recto will recommend any drastic change from the traditional Filipino support of the Free World but day-to-day relations on matters of less significance might become more difficult. Many observers in the Philippines consider Recto the most anti-American of any leading politician. He was imprisoned by American troops immediately after the war and obviously harbors some animosity toward us as does Laurel. However, it is not likely that he will advocate policies which will seriously change the present attitude of the Philippine Government toward international affairs. General Romulo's influence on Philippine foreign policy will be limited because he has almost no real political power within the Philippines. His political stature has increased in the last few months but falls far short of being equal to that of either Recto or Laurel.

No. 343

411.9631/11-1953

The Ambassador in the Philippines (Spruance) to the Department of State

CONFIDENTIAL MANILA, November 19, 1953.

No. 541

Ref: A-144, October 21, 1953[1]

Subject: Reasons for Philippine Trade Proposals

Economic Motivation for Trade Proposal

The economic reasons behind the Philippine request for revision of the trade provisions of the Trade Agreement are considered by the Embassy to be the following:

a. A belief that industrialization is essential if the Philippines is to provide for its increasing population, and that industrialization on the scale needed cannot come about as long as protective duties may not be levied against American imports.

b. A belief that the present Agreement makes the Philippines economically dependent on the United States and that it condemns the Philippines to a role as a producer and supplier of raw materials.

c. Fear that some Philippine exports cannot pay U.S. duties. Proponents of revision are seldom specific as to which products require free or preferential treatment, and few have bothered to inform themselves on this point.

d. A desire to obtain revenue from duties on U.S. products in sufficient amount to compensate or over-compensate for the elimination of the foreign exchange tax which is expected to occur as a result of the revision.

e. A desire to provide balance of payments protection by way of import duties and thus to reduce the need for import and exchange controls.

Political Motivation

The political motivation for revision of the Agreement derives from the Agreement as a whole, and the trade provisions may be less important as a motivating force than the parity and exchange provisions which many Filipinos consider as unilateral in character and a reflection on their sovereignty. There is also the view, which is fairly widely held among Filipinos who are conversant with the history of the Trade Agreement, that the Agreement was forced upon the Philippines by being made one package with the Philippine Rehabilitation Act which the war-devastated Philippines could not afford to reject. The desire to correct a relationship which seems to many one-sided is a natural motivation which is bound to have popular appeal. Actually, it is overshadowed in the minds of most Filipinos by the great affection and admiration they have for the United States.

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[1] This airgram requested the Embassy's assessment of economic and political motivation behind the Philippine proposals for revision of the Trade Agreement. (411.9631/10-2153)

The request for revision, which was sparked by two leading economic figures, Central Bank Governor Miguel Cuaderno and Finance Secretary, Aurelio Montinola, was espoused particularly by the Liberal Administration as a popular cause and a vote-getter. The effort to make political capital out of revision was unsuccessful, however, because the Nacionalista Party, so far as it took any stand on the question at all, seemed to favor revision, and because too little headway was made with the request for revision prior to the November elections for the Government to be able to claim any particular credit for its effort in this direction.

Outlook

It is too early to tell what the Magsaysay Government, when it comes into power on December 30, will do with regard to the proposals for revision which have already been submitted by the present Government. Three Nacionalistas, Senator Francisco Delgado, Congressman Jose Roy, and banker Daniel Romualdez, were represented on the President's 15-man Commission that drew up the proposals. The Party's top leaders, however, have given no indication of their thinking on the subject, and there is good reason to believe that most of them have not thought about it at all. Senator Gil Puyat has publicly stated that he favored deferment of the tariff provisions of the existing agreement rather than the selective free trade arrangement suggested by Cuaderno, but in so doing he was speaking for himself and not for the Party.

Revision of the agreement has been rather fully aired in the Philippine press, with almost all publications appearing to favor it. Philippine business groups and individuals who have had anything to say on the subject have with very few exceptions advocated revision. Revision of the kind proposed by the Government, namely, continued free entry for Philippine goods going into the United States and the immediate application of full tariffs on American goods coming into the Philippines, except for those articles selected for free list treatment, has naturally had considerable public appeal.

American investors in the Philippine export industries have been rather inconspicuous in the movement for revision. When invited to express their views in official hearings, however, a number of them have stressed the need of their products for low or preferential duties in the United States. The American Chamber of Commerce, which reflects more the view of American importers into the Philippines, is distinctly cool to the selective free trade proposal, or to any modification in the agreement which would weaken the tariff preferences they now enjoy.

For the Ambassador:
DANIEL M. BRADDOCK
Counselor of Embassy for Economic Affairs

No. 344

796.00/11-2053: Telegram

The Secretary of State to the Embassy in the Philippines

TOP SECRET WASHINGTON, November 20, 1953—2:46 p. m.

1360. Eyes only for Ambassador from Secretary. First let me express my great appreciation of the able way you handled US interests during difficult election period.

It seems here that election provides opportunity bring to forefront in West Pacific non-western leadership which is respected and competent, and which can help to invigorate and unify non-Communist Asian forces in Indochina, Indonesia and perhaps Formosa and Korea. However, we think now primarily of South East Asia. There is imperative need of this. Would not Magsaysay and Romulo make a splendid team for this purpose? Romulo's extensive international experience would supplement Magsaysay. This idea is looked on with favor in highest quarters here and I pass it on to you for your consideration and any suggestions you might make as to possibly implanting these ideas where they would bear fruit.

DULLES

No. 345

796.00/11–2453: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

TOP SECRET MANILA, November 24, 1953—1 p. m.

1181. Eyes only for Secretary from Ambassador. Your 1360[1] shown Vice President.[2] I greatly appreciate your first paragraph. All of us in Embassy and Vice President in complete accord remainder your message. It is our opinion United States must do everything possible make Magsaysay's administration success. After he has achieved such success domestically and so has prevented any substantial reduction in his current prestige and popularity with mass of Filipino people, he should assume natural position of leadership in Southeast Asia, perhaps in Formosa, Korea.

There appears to be developing rift in coalition between Nacionalistas and Democrats. Certain elements in both parties favor a merger, while others within each party apparently desire to take over government including Magsaysay. I do not believe Magsaysay will be taken over by any group in either party so far as choice of his executive officials are concerned. Control of Senate and House is different proposition, however, which he recognizes as most important.

. . . I have talked to Magsaysay about appointment of Foreign Secretary. . . . He has made no decision yet, but said he had been considering Garcia, his Vice President, for post. Garcia is fine honest man, a lawyer, but without any qualifications for position. . . .

Vice President Nixon thinks Magsaysay combines two qualities needed for leadership in Asia: (a) magnetic appeal to all classes of people, (b) genuine regard for the people's welfare.

He was impressed by Magsaysay's absence of any racial feeling and his undisguised friendship for United States. He believes RM has six to nine months hard work to set his own house in order and in meantime we should begin necessary preparatory work in Southeast Asia; that he should not tour area but that representatives on Prime Minister level should come to Manila; that he should delay visit to Washington until he can in address to joint session of Congress point to two concrete accomplishments of (a) improvement in political and economic organization in Philippines, and (b) convocation in Manila of Southeast Asia representatives.[3] Vice President feels United States must not allow Magsaysay to fail . . . . RM's campaign program for wells for barrio water supply would be such an accomplishment if we can push it through.[4]

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[1] *Supra.*

[2] Vice President Richard M. Nixon visited the Philippines in the course of a lengthy Asian trip in late 1953; for text of his report broadcast to the nation on radio and television, see Department of State *Bulletin*, Jan. 4, 1954, p. 10.

Vice President's visit great success, will be reported separately.[5]

SPRUANCE

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[3] In the source text, next to this and the preceding sentence a marginal notation by Dulles reads: "I agree with this".

[4] Attached to the file copy was a handwritten note by Assistant Secretary for Far Eastern Affairs Walter S. Robertson which reads: "This was marked for action by me—I don't think it needs any".

[5] Telegram not printed.

No. 346

411.9631/12-1553: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

SECRET MANILA, December 15, 1953—midnight.

1337. For Secretary Dulles from Spruance. Reference Department telegram 1471 and Embassy telegram 1283 concerning possible revision trade agreement.[1]

1. After full consideration this subject I have arrived conclusion informal discussions this matter should begin with Magsaysay's economic advisors before December 30 which is present deadline report by those advisors to Magsaysay. Embassy has excellent opportunity guide Magsaysay toward proposals which will be in best interest Philippines and United States, but we have not taken advantage that opportunity in view Department telegram 1471. After Magsaysay's advisors submit report, we will no longer have same opportunity.

2. I believe United States should agree negotiate revision present agreement and should take general positions recommended despatch 456, October 22.[2] In particular, United States should allow

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[1] Dated Dec. 4 and 8, respectively, these telegrams deal with the expression of interest by President-elect Magsaysay in proposals made by the Quirino administration for revision of the U.S.-Philippine Trade Agreement and indication by the Department of State that the matter was under study with tentative conclusions expected in approximately one month. (411.9631/12-253; 411.9631/12-853)

[2] This is a lengthy and detailed despatch setting forth the comments and recommendations of the Embassy's Trade Agreement Study Group on the proposals on re-

Continued

Philippines impose import duties on American products if levying such duties serves permit elimination of import and exchange controls. Also, we should permit Philippines modify exchange rate without requiring approval United States President, that is, with no less and no more freedom than all other countries. Also, we should be prepared negotiate friendship, commerce and navigation treaty.

3. Believe revision of agreement could result in great benefit to Philippines. Import duties could do much strengthen economic foundation Philippines by encouraging investment while removing hazards and uncertainties import and exchange controls plus 17 percent tax. As pointed out despatch 456, it should be possible levy Philippine duties on many United States products without significantly affecting United States trade.

4. As stated by Vice President Nixon, we must not allow Magsaysay fail. Ability of United States to lead Southeast Asia and Far East toward democratic way of life depends to important degree upon success Magsaysay administration. We must demonstrate that friendship toward United States earns friendship from United States. But friendship toward Philippines cannot, and should not, consist solely of necessary financial and technical assistance. It is, perhaps, even more important that United States remove last vestiges its economic domination of Philippines. We must prove to world, and to this part of world particularly, that we want strong and healthy Philippines for benefit of Filipinos and even at expense our special trade advantages here.

5. All other countries have right impose duties on United States exports and it would play direct into hands of Communists to deny that right to Philippines. Furthermore, advantages to American business of duty-free status in Philippines were already somewhat dissipated in 1949 when Philippines imposed import and exchange controls with approval of United States. If negotiations for revision agreement are handled properly, American businessmen as a whole should lose no more from levying Philippine import duties than they would gain from lifting controls and 17 percent tax. There would be disadvantage to some American products from loss of preferences, but similarly Philippine exports entering United States which could survive without preferences could be progressively deprived of them in accordance with provisions present

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vision of the Agreement put forward by the Philippine Government in August. If the Agreement were to be revised, the Study Group favored a combination of the progressive duty concept present in the existing Agreement with the selective free trade proposed by the Philippine Government. (411.9631/10–2253) agreement; those dependent on preferences could be placed on selective free list.

6. I expect Magsaysay advisors will recommend general endorsement pending proposals, perhaps with minor amendments. If this happens, I urge that United States agree conduct negotiations with Magsaysay on basis those recommendations. Obviously, we cannot be expected adopt all Philippine proposals. Embassy Foreign Operations Administration study group recommended various modification of those proposals in despatch 456. However, it would be serious blow to Magsaysay and to United States stake this part of world if we were to refuse even to negotiate.

SPRUANCE

No. 347

411.9631/12-1553: Telegram

The Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, December 18, 1953—1:15 p. m.

1611. Your 1337.[1] Your recommendations 1337 being passed all eight agencies interdepartmental Philippine trade agreement committee which already evaluating comments and recommendations despatch 456.[2]

Dept seeking obtain agreement soonest on adequate basis for response to Phils but unlikely interdepartmental clearance and Congressional consultations can be completed by December 30. Concur Embassy's opinion its opportunity will diminish after Magsaysay's advisers submit report and believe for reasons given our 1471[3] Emb should suggest Magsaysay may want postpone December 30 deadline in order that he and his advisers may take into account US Govt views before crystallizing or publicizing their position. At same time Magsaysay should be assured US will make every effort expedite its position.

FYI and guidance only. It now appears likely to Department that due backlog high priority legislation it will be inadvisable submit legislation forthcoming session Congress for revision TA even if agreement could be reached with Phils.

DULLES

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[1] *Supra.*

[2] See footnote 2, *supra.*

[3] See footnote 1, *supra.*

No. 348

711.56396/12-2453

Memorandum by the Secretary of State to the President

CONFIDENTIAL WASHINGTON, December 23, 1953.

Subject: Modification of Presidential policy of July 14, 1948 regarding release of bases to the Philippines.[1]

I refer to the Department's memorandum, dated July 15, 1953, entitled "Special Mission to the Philippines (1) to negotiate for land required for military base expansion and (2) to reach an overall settlement on property and related questions arising under the Military Bases Agreement". (Enclosure 1.)[2]

In a memorandum to former Secretary Marshall of July 14, 1948 former President Truman directed a policy concerning these matters.

The Attorney General's opinion, mentioned in the second paragraph of my memorandum under reference, was received on August 28, 1953.[3] The Attorney General holds that (1) except for properties already conveyed to the Philippines, the United States now has whatever title it had prior to July 4, 1946 in the land comprising pre-Philippine independence military and naval reservations; (2) the President has complete discretion to transfer, with or without compensation, title to such reservations to the Philippines; (3) there is no obligation on the part of the United States to transfer at this time title to any property; and (4) there has been no adjustment and settlement of United States property rights within the meaning of the Tydings-McDuffie Act.[4]

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[1] For text of President Truman's memorandum of July 14, 1948, to Secretary of State George C. Marshall, see *Foreign Relations*, 1948, vol. VI, p. 627. The concluding paragraph reads:

"I am in complete agreement with you that the bases we do not need should be returned to the Philippines without compensation and if title is not clear we should make it clear by the proper transfer. I am sure that in case of necessity we would have no trouble getting whatever Military and Naval Bases where necessary anywhere in the Philippines. I am in agreement with you that we should not negotiate on a trading basis."

[2] Not printed. On July 15, President Eisenhower sent a letter to President Quirino requesting discussion of the enumerated topics by representatives of the two countries. President Quirino responded in a letter of Sept. 16 expressing his willingness to cooperate and suggesting that the talks be expanded to include several matters pending since World War II. On Nov. 4, Eisenhower replied stating his unwillingness to expand the talks beyond property rights and the Military Bases Agreement. (FE files, lot 55 D 388, box 388, "Philippine Military Bases"; 711.56396/1-1554) For text of the Military Bases Agreement of 1947, see TIAS No. 1775; printed in 61 Stat. (pt. 4) 4019.

[3] The opinion by Attorney General Herbert S. Brownell is not printed. (711.56396/8-2853)

The situation in the Far East has changed drastically since 1948. China has fallen into the Communist orbit; the hostilities in Korea have pointed up the urgency of improving our defense in the Pacific; the United States and the Philippines have entered into a Mutual Defense Treaty; and the Philippines has not proved to be as cooperative as anticipated with respect to our military and strategic needs.

As its contribution toward its own defense under the Mutual Defense Treaty, and in consideration of the value of such of the U.S.-held surplus lands as it may be decided should be transferred to the Philippine Government, the Philippine Government should, I believe, grant to us all other lands we need for our military and diplomatic purposes.

I therefore recommend that the policy enunciated in 1948 be modified so that the United States shall be free in the forthcoming negotiations to consider and utilize those assets to which we retain title without limitation or restriction in order to accomplish successfully the main objectives of the mission, namely: (1) the acquisition of land required for base expansion and diplomatic purposes, and (2) the over-all settlement of property and related questions arising out of the Military Bases Agreement.

The Department of Defense, Navy, Air Force and Justice and the Bureau of the Budget concur.[5]

John Foster Dulles

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[4] Approved Mar. 24, 1934; 48 Stat. 456. It was the legislation which provided for the independence of the Philippines.

[5] A note on the source text, initialed by President Eisenhower and dated Dec. 24, indicates his approval of the memorandum.

Also on Dec. 24, Secretary Dulles sent a message to Ambassador Spruance stating that the President had emphasized to him his strong desire to deal liberally on the bases question and to give incoming President Magsaysay an encouraging start. (Telegram 1653; 611.96/12-2453)

No. 349

411.9631/12-2953: Telegram

The Secretary of State to the Embassy in the Philippines

CONFIDENTIAL WASHINGTON, December 30, 1953—3:38 p. m.

1669. Part I.

Would appreciate soonest Embassy comments preliminary Dept proposal set forth in Part II re trade agreement. Essential no discussion this proposal with other than Embassy officials since not yet discussed with other agencies Interdepartmental Committee or Congressional leaders as noted Deptel 1652.[1] In developing this proposal Department while cognizant political aspects of U.S. position on US-Phil relations has had also take into account following essential factors:

a. Conflict of interests expressed by various sectors of business community (foreign traders versus domestic producers of articles competing with Philippine imports). This also reflected in positions of agencies represented on Interdepartmental Committee. (For example indicated positions range from no change desirable in present act to willingness postpone application of partial duties in exchange for new Philippine concessions.) Also third country concern, particularly Cuban sugar producers.

b. Impossibility predicting what might be outcome any proposal to Congress for even limited modification tariff provisions present Act. Strong possibility result might be place Philippines in less desirable position in US market than under present act.

c. Attempt to revise trade provisions of 1946 Act would probably prejudice favorable Congressional action on overall trade program with results unfavorable to Philippine interests as well as administration's overall objectives. Moreover, considered infeasible add another major item such as modification Philippine Trade Act to already heavy legislative program anticipated forthcoming session.

Part II.

U.S. would indicate prepared consult with Phil Govt re proposals for supplementing or otherwise revising non-tariff provisions TA as appropriate and mutually desirable. Dept believes in number instances present provisions TA might be improved, for example, immigration, exchange, quantitative restrictions and parity.

U.S. would also indicate following: Re tariff provisions of present Agreement studies indicate coming into force of declining preferential arrangement not likely to have short-run overall adverse effects on Philippine exports to United States. Effect of declining preference on United States exports to Philippines less clear, especially since future level of MFN rates in the Philippines currently being reviewed by Phil Govt. In no event does there appear to be any likelihood immediate serious adverse effects on economy either country by coming into force of declining preference arrangement. Any alternative unless carefully worked out in light international obligations, as well as any straight extension of duty free trade period, not likely be well received by third countries to whom we have announced in GATT and elsewhere our intention eliminate

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[1] Not printed.

U.S.-Philippine preferences. The United States recognizes desirability keeping U.S.-Philippine tariff relations under close study, however, and suggests establishment continuing joint review effects operation of presently prescribed tariff arrangement.

This Government prepared to join Phils in undertaking above tasks at early date. Must caution, however, U.S. Congress unlikely act on any revision this year even if proposed by Executive Branch.

Part III.

Believe foregoing substantially replies paras 1 and 2 Embtel 1429.[2] For reasons outlined Part I above Dept considers not feasible propose legislation defer application duties. Will reply para 3 separately after necessary interagency clearance.[3]

DULLES

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[2] Telegram 1429 expressed the Embassy's concern that the Department did not seem to be moving ahead rapidly enough with revision of the trade agreement and with proposed legislation for Congress dealing with deferral of application of the duties scheduled to go into effect after July 4. (411.9631/12-2953)

[3] In paragraph 3 of telegram 1429, the Embassy requested discretionary authority to disseminate material which would help to discredit the myth that Philippine exports to the United States would face disaster if they were subjected to progressively increasing tariffs as provided for in the existing agreement. In telegram 1691 to Manila, Jan. 4, 1954, the Department indicated that it had no objection.

No. 350

411.9631/1-754: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

SECRET MANILA, January 7, 1954—4 p. m.

1474. Reference Deptel 1691.[1] Summary paragraph for Secretary and Assistant Secretary Robertson from Ambassador:

Revision of tariff provisions of trade agreement very important to Magsaysay, and because our reliance on him in pursuit our political objectives this region, we must assist him on TA revision. I strongly recommend we agree negotiate on this point, but within broader framework than selective free trade proposal so as to permit adherence our general trade policy and international commitments. To extent such revision can promote Philippine economic development and free exchange convertibility, which are primary Philippine objectives in requesting it, revision will be highly useful to us. If US executive declines to even ask Congress for temporary extension duty-free period if Philippines requests it, this would have bad effect on Magsaysay's position here as well as on Philippine feeling toward US. I would appreciate reconsideration Department position reference telegram.

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[1] The number 1669 was written above 1691 on the source text, indicating that the reference is to telegram 1669, *supra*, rather than to telegram 1691, summarized in footnote 3, *supra*.

Revision of tariff provisions of agreement is heart of Philippine proposals, and outright rejection this proposal by US will be sharp rebuff new administration, reflecting on Magsaysay's influence with US and detracting from our influence with him. Embassy believes he is our best hope in Southeast Asia, perhaps all Asia, as democratic example and as authentic native leader in resistance to Communism, and that it is to our political interest assist him this matter as far as we can. Regardless of US willingness to consult on changes in non-tariff provisions, which are important in terms of Filipino self-respect, refusal undertake any revision of tariff provisions will be considered here tantamount rejection proposals in general.

Embassy concurs Department's view that neither country likely suffer immediate adverse economic effects by coming into force of declining preference arrangement. It believes, however, that Philippine economic development would be accelerated by revision permitting application of tariff to US articles, with specific exceptions, and providing for abolition of import and exchange controls and taxes as recommended in Embassy despatch 456, part IV, quota proposals.[2] These controls and taxes are today burden on business and in some cases deterrent to new investment. Their removal would benefit Americans doing business in and with Philippines, a fact recognized by representative American businessmen with whom subject discussed. Such revision would aim at achieving free exchange convertibility.

Embassy recommends, therefore, in order secure political advantage inherent in situation and to achieve economic results generally beneficial to Philippines and in some respects also to American business, that US indicate it prepared to consult with Philippine Government as proposed by Department in part II, first paragraph, reference telegram; and also prepared consult on possible revision of tariff provisions of TA but without limiting itself to selective free trade principle proposed by Philippines. Embassy believes approach of this kind would be acceptable, helpful to Magsaysay. Department will recall that from beginning Philippines wanted general consultation and made specific proposals only on our request.

Within this broader scope of consultations on tariff provisions it should be possible eliminate most of adverse factors enumerated part I, reference telegram. For instance, on Philippine exports to US: US could stand firm that no ground existed for liberalization present TA provisions on sugar. Embassy confident this position could be sustained. Same probably true for some other products such as coconut oil, cigars, tobacco. On other Philippine articles where genuine need was shown and for which Philippines constituted principal foreign supplier, US might offer Philippines choice of:

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[2] See footnote 2, Document 346.

(a) Free list treatment in US, with understanding that US would generalize to all other foreign suppliers, or

(b) Continuation of present TA provisions. Such course should give Philippines some satisfaction where needed, while avoiding conflict with US overall trade program and GATT commitments, and calming opposition of US and Cuban sugar interests. On US exports to Philippines we might accept principle of selective free trade, permitting imposition full duties on some American goods in return for:

> (a) Free list treatment of others, or continuation present TA provisions where preferred, and
>
> (b) An undertaking to eliminate existing import controls, exchange tax and exchange controls on current transactions and impose no new ones. Philippines, not being member of GATT, would be free to generalize free list treatment given, or not, as it chose.

Embassy convinced that nothing less than all-out effort by US Government to get Congress to extend duty-free period sufficiently to permit negotiation of changes would be understood here or accepted as consonant with US professions of friendship for Philippines, if Philippines requests extension. Evident that Philippine Government has accepted risk of adverse action by Congress suggested in part I–b, reference telegram. Philippine Government understands, however, that possibility of completed action on wider revision prior July 1954 is remote if not nonexistent.

If Congressional leaders, when approached by Department, are sufficiently sympathetic to Philippine request for revision, Embassy suggests they be asked whether, in addition to extending duty-free period, Congress would request executive branch to negotiate and submit for Congressional approval, a revised agreement with Philippines designed to accomplish certain objectives, such as:

(1) Release Philippines from Article 5 of TA

(2) Make Article 7 substantially reciprocal to extent permitted by US and state laws

(3) Permit Philippines to collect full Customs duties on US articles, with certain exceptions, to end of affording reasonable protection for Philippine industry, raising revenues sufficient at least to replace existing 17 percent exchange tax, and achieving balance of

payments position where free convertibility of pesos into dollars possible without resort to import and exchange controls

(4) Eliminate exchange tax, import controls, and exchange controls on current transactions

(5) Permit modifications in US tariff treatment of Philippine articles, where necessary, within framework of overall trade policy and commitments in GATT

(6) Effect such other improvements in TA as appropriate and mutually desirable. A directive from Congress in this sense would greatly facilitate negotiations and eventual ratification, and allay possible apprehensions of other countries.

SPRUANCE

No. 351

S/P-NSC files, lot 61 D 167, NSC 84 Series

Memorandum Prepared by the Department of State for the National Security Council Planning Board[1]

TOP SECRET

WASHINGTON, January 14, 1954.

CURRENT SITUATION IN THE PHILIPPINES

Purpose

1. The purpose of this memorandum is to describe the situation in the Philippines after the election of last November in terms of (a) the domestic problems facing the new President, (b) the current unsettled matters in U.S.-Philippine relations, (c) the possible expanded role in Southeast Asia of the Philippines under Magsaysay's leadership, and (d) the opportunities and courses of action open to the United States in order to advance U.S. interests in the Philippines and in Southeast Asia. The memorandum should be read in the light of the objectives and courses of action contained in NSC 84/2 of November 9, 1950 which are as follows:

"27. The United States has as its objectives in the Philippines the establishment and maintenance of:

> a. An effective government which will preserve and strengthen the pro-U.S. orientation of the people.
>
> b. A Philippine military capability of restoring and maintaining internal security.
>
> c. A stable and self-supporting economy.

"28. To accomplish the above objectives, the United States should:

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[1] A copy of the memorandum was sent to Manila under cover of airgram 287, Feb. 3. The Embassy's comments are contained in Document 354.

a. Persuade the Philippine Government to effect political, financial, economic and agricultural reforms in order to improve the stability of the country.

b. Provide such military guidance and assistance as may be deemed advisable by the United States and acceptable to the Philippine Government.

c. Extend, under United States supervision and control, appropriate economic assistance in the degree corresponding to progress made toward creating the essential conditions of internal stability.

d. Continue to assume responsibility for the external defense of the Islands and be prepared to commit United States forces, if necessary, to prevent communist control of the Philippines."

(It will be observed that the above objectives and courses of action relate purely to internal Philippine affairs and make no reference to the role of leadership which it is hoped the Philippines will play in Southeast Asia nor do they take into account the relations established between the United States and the Philippines in the Mutual Defense Treaty of 1952.)[2]

The Philippine Elections of November 10, 1953.

[Here follows a review of the elections, problems facing the Philippine Government, and current issues in United States-Philippine relations.]

UNITED STATES COURSES OF ACTION

Rural Development.

28. The United States should lend vigorous support to any realistic program to eliminate the social and economic causes of Communism. Although not yet set forth in detail, the new Administration's program may be expected to include such matters as vigorous enforcement of land tenure laws, accelerated issuance of land title certificates, improvement and extension of rural credit facilities and of agricultural education and construction of safe water supplies and irrigation systems. It is highly desirable that an FOA program be provided for fiscal year 1955 to aid the new Administration in achieving its objectives in the field of social and economic development, by not only maintaining FOA activities at previous levels but also enabling FOA to take advantage of fresh opportunities for cooperation which may be anticipated as a result of the expected vigorous attack of the Magsaysay administration on these problems.

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[2] The Mutual Defense Treaty was signed on Aug. 30, 1951, and entered into force on Aug. 27, 1952.

Military Assistance.

29. U.S. Military aid, training and advice, which have played a large role in the successful campaign against the Hukbalahap, should be continued to eliminate the few thousand armed communists still active and to continue development of armed forces to improve their ability to resist any external attack.

Development of Democracy.

30. Efforts by other government agencies to strengthen basic democratic procedures and attitudes through civic organizations should be continued with emphasis on the development of popular understanding of the rights and responsibilities of the citizen under a democratic government. Such a program, based on long-term objectives and not on immediate political goals, would contribute to political stability and strengthen any Philippine Government acting in the best interests of the people.

Philippine Role in East and Southeast Asia.

31. Magsaysay's personal qualifications justify the hope that he may develop as a leader of the anti-Communist forces in East and Southeast Asia. The United States should favor and support such a development while realizing, of course, that cultural and political conditions and the current foreign policy views of some of the countries of East and Southeast Asia indicate the existence in the area of many factors tending toward disunity rather than toward cohesiveness. These obstacles, although substantial, are not in the long run insurmountable.

32. There is general agreement that Magsaysay should devote his energies to a successful attack on Philippine domestic problems before embarking on any full scale program to achieve the leadership of anti-Communist elements in the general area. In the meantime he should be encouraged to take the following immediate steps to lay a firm international base upon which to build at a later date:

a. The Philippines should recognize the Associated States of Indochina at the earliest possible moment and establish good working relations at least with the Government of Vietnam.

b. Assignments to Philippine diplomatic posts in East and Southeast Asian countries should be given special attention to insure the best possible Philippine representation.

c. Every effort should be made to arrive at a realistic solution of the dispute with Japan concerning reparations so that relations between the two countries may be established on a normal basis without delay.

d. Magsaysay should be asked to do what he can in order to improve the state of public opinion in the Philippines with regard to Syngman Rhee and Chiang Kai-shek. There is a tendency in Philippine public opinion to regard these men as autocratic dictators and as symbols of outworn and discredited leadership.

33. Simultaneously with these steps the Department should ask our Embassies in the other countries of East and Southeast Asia to prepare recommendations as to how relations between the Philippines and these countries may be improved and developed. These recommendations, which should reflect the views of all agencies concerned, would be conveyed to Ambassador Spruance for his information, comments, and guidance. . . .

34. The rapid and successful disposition of pending United States-Philippine issues, notably the bases matter and the trade agreement, in a manner fair to Philippine aspirations would also be helpful in laying a foundation for Magsaysay to assume a role of leadership in Southeast Asia.

35. Once Magsaysay has sufficiently consolidated his position in the Philippines and it appears that his administration is well on its way to fulfilling the promise on the basis of which he was elected, consideration should be given to the next steps in the development of his leadership. These steps would include the following:

a. A visit by Magsaysay to the United States including, if possible, an address before both Houses of Congress. The timing of such a visit vis-à-vis visits to other Southeast Asian countries would depend on conditions prevailing at the time.

b. Contact between Magsaysay and the leaders of other East and Southeast Asian countries. These contacts should, if possible, develop through the normal diplomatic channels of the countries concerned. Magsaysay might visit some of the countries and receive visits from their leaders. A carefully considered program based on conditions prevailing at the time should be developed. If Magsaysay is to be a symbol of the war against Communism he should make his first visit to the battle fronts in Indochina and assure the Vietnamese soldiers and the troops of the French union of the solidarity of the people of the Philippines in their struggle.

c. It is also desirable that relations between the Philippines and Australia and New Zealand be improved. There exists considerable prejudice in the Philippines at the present time against Australia and New Zealand because of Australian racial policy. Nevertheless, the realization that all three countries are faced with a common threat and may well find themselves fighting side by side would contribute to better relations. An invitation from the Australian Government for Magsaysay to visit Australia might aid in the attainment of this objective, but must be considered in the light of its effect on opinion in Southeast Asia.

d. Once the necessary groundwork has been laid, Magsaysay might consider calling a conference of certain Asian countries to examine regional, political, military, and economic defense problems.

Possible Revision of NSC 84/2.

36. The broad objectives of United States policy and the course of action recommended to achieve those objectives as set forth in NSC 84/2 remain unchanged except for paragraph 28–d referring to the external defense of the Philippines which should be revised to take into consideration the Mutual Defense Treaty of August 1952. In several instances the description of conditions extant in the Philippines has become obsolete since NSC 84/2 was approved November 9, 1950. These paragraphs should be revised or amended to reflect current conditions as soon as the Magsaysay administration has determined its course of action and made a beginning toward carrying out the promises of the 1953 electoral campaign. Amendments might also include a reference to the possibility of Magsaysay assuming leadership of the anti-Communist elements of Southeast Asia and should emphasize the necessity of avoiding the appearance of United States control or excessive influence on the Philippine President or Government.

MDAP Expenditures

(*Millions of dollars*)

	Economic Aid	*Technical Assistance*	*Military Aid*[2]
1951	—	—	8.9
1952	12.0	—	11.2
1953	22.5	1.6	33.8
1954 Estimated	16.8	5.2	—[3]
1955 Estimated	16.1	3.9	—[3]
1956 Estimated	15.0		—[3]

[2] Value of items shipped to Philippines. [Footnote in the source text.]

[3] Not available on a country basis. [Footnote in the source text.]

No. 352

696.00/2-1054: Telegram

The Acting Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, February 13, 1954—1:35 p. m.

2050. Your 1713.[1] Department agrees desirability Magsaysay and other Philippine leaders convince other free Asian nations that Philippines, as fellow Asian nation, vitally interested Asian area and problems, in order that Philippine example and influence may carry greater weight.

However, Department agrees view . . . that widespread use in Philippines and elsewhere of slogan "Asia for Asians" would be most unfortunate. Regardless of intent of originators, would carry unsavory recollections of Japanese wartime slogan and could easily be misinterpreted by public at large to be anti-Western in intent. This would hardly be helpful to U.S. stake in Far East, French in Indochina, British in Malaya, etc. Therefore Department does not agree recommendation your tel 1713 re Department and USIA utilization and suggests that utilization by Philippine leaders be discreetly discouraged.

Department believes that theme advocating solidarity and cooperation free Asian nations, avoiding innuendos exclusion of west and in fact advocating free Asian solidarity within framework solidarity free world as whole, would strike happier note.

SMITH

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[1] In telegram 1713, Feb. 10, the Embassy expressed the view that the enunciation of the "Asia for Asians" theme recently by Guerrero and Recto was an excellent development which could and should be used by the Department and USIA in Asian countries to show that the Philippine leaders were not puppets of the United States, were interested in Asia, and considered themselves Asian. All of this would help to improve Magsaysay's image as a potential regional leader. (696.00/2-1054)

No. 353

411.9631/3-1954: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

SECRET MANILA, March 19, 1954—5 p. m.

2068. Joint Embassy-USOM message. Reference Deptel 2350 March 16.[1]

Part I:

In general, we do not believe US Government should take initiative discuss broad range economic subjects with Philippine Government either during forthcoming discussions trade agreement or by separate but parallel action. It is highly probable that if broad discussions economic aid program were held concurrently with discussions trade agreement there would be widespread belief here that US trying buy trade concessions. One of major sources of irritation re present trade agreement is tie-in with passage Philippine rehabilitation act. In any case, we see no useful purpose broad discussion economic aid program at this time. Other matters which are more germane to discussion trade agreement will undoubtedly arise spontaneously during that discussion. We believe it desirable that Filipinos raise such matters on own initiative so as avoid implication US obliged extend trade or other concessions in return for negotiating FCN treaty or other agreements.

Part II:

US should be prepared discuss factors affecting possibility reducing exchange controls, restoring currency convertibility and eliminating exchange tax. However, Filipinos will probably raise possibility their taking such steps if trade agreement were to be revised in accordance their proposals. If Filipinos do not initiate such discussions, it might become desirable that we do so. We should seek obtain objectives in question if we decide extend trade concessions that make them possible.

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[1] In telegram 2350, the Department of State indicated that it was considering the possibility of taking up with the Philippine Government a broad range of economic subjects, the purpose in part being to strengthen President Magsaysay. It then posed a number of questions on which the Embassy commented in the numbered parts of telegram 2068. (411.9631/3-1654)

2. Investment problems and possibility FCN treaty will undoubtedly be discussed in connection Philippine proposal for reciprocity parity provisions. Prospects obtaining FCN treaty appear greatest if Filipinos believe such treaty would primarily be of benefit to them by encouraging foreign investment in Philippines. Our bargaining position would be impaired to extent we press for such treaty.

3. For reasons mentioned Part I above, we do not believe desirable discuss technical and economic aid program concurrently with discussion trade agreement.

Part III:

We do not believe Filipinos regard Bell report, Foster–Quirino agreement and June 16, 1951 note[2] as obligation US make loans through Export-Import Bank rather than IBRD. Insofar as Filipinos believe US committed extend economic aid, they believe such aid should be in form grants rather than loans. To extent Filipinos given no choice but accept aid in form loans rather than grants, Filipinos would probably not be much concerned whether loans from Export-Import or IBRD. Many Filipinos would probably prefer IBRD loans as evidenced by fact Filipinos first sought Ambuklao loan from IBRD and turned to Export-Import only after IBRD rejected such loan. It is possible Philippines will some day contend IBRD loans should not be considered as meeting "commitments" Foster–Quirino agreement.

SPRUANCE

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[2] The note is printed in Department of State *Bulletin*., July 16, 1951, p. 96.

No. 354

796.00/3-2254: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

TOP SECRET MANILA, March 22, 1954—5 p. m.

2079. Reference Department's A-287[1] Embassy has read document and concurs generally therein. Assumes Department will bring up-to-date on such matters as recent appointments.

Our reaction this document is it may be somewhat over optimistic and underestimates difficulties faced by Magsaysay. He has been in office less than three months and is faced with lack of capable and dependable men who think as he does and will support his policies. This is particularly true in Congress where many even of his own party not notably enthusiastic about some of his ideas and some perhaps would not be unhappy to see him fail.

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[1] See footnote 1, Document 351.

Reference in document to majority control seems misleading. He is independent minded and cannot be fooled long, but he must have better men around him to accomplish what he wants to do. His field of choice is sharply limited and some time may elapse before he gets a good working team. There are age-old problems in the Philippines which he hopes to solve and we think it would be a serious error on part of US Government to assume that he can accomplish miracles over night or to write him off as a failure if he does not do so.

On suggestions US course of action, Embassy believes maximum effort must be made to avoid appearance of seeming to tell Magsaysay what to do. There are elements who would be only too happy to attack Magsaysay if they can get a good issue. From their point of view the best possible issue would be his relations with US. The best charge would be he is an American stooge. Embassy feels therefore extreme care must be used not to take advantage of his eagerness to do what we suggest. He himself may not appreciate the dangers of this.

SPRUANCE

No. 355

411.9631/3-2254: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State

SECRET NIACT MANILA, March 22, 1954—11 p. m.

2081. For Robertson. Reference DCM, Robertson, telephone conversation 8 p. m. March 22 re revision trade agreement.

Magsaysay sent for DCM March 19 for general conversation during course of which DCM reiterated previous assurance that US prepared to issue press release according text provided by Department telegram 2284[1] and previously furnished Magsaysay if he would address letter to Ambassador requesting postponement. Magsaysay asked DCM to provide draft of letter which was done indirectly a. m. March 21. Embassy delayed reporting this development pending receipt Magsaysay's letter which so long delayed since Ambassador's first presentation.

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[1] Telegram 2284, Mar. 10, contained the draft text of the press release cited in footnote 3, below. (411.9631/3-454)

President called DCM 7 p. m. March 22 to say that:

(a) He had dispatched letter early a. m. March 22 as suggested by DCM March 19. (Letter not yet received by Embassy.)

(b) Garcia to deliver March 27 Far Eastern University speech demanding abrogation trade agreement.

(c) He, Magsaysay, realized Garcia stealing march on him.

(d) Urgently requested concurrence his making public at once (p. m. March 22) request postponement duty-free period for 18 months and asked that Embassy issue press release.[2]

DCM informed Ambassador, who concurred former's recommendation that Ambassador give Magsaysay green light. Magsaysay given same 7:30 p. m. March 22.

Embassy considers only practical course action strengthen Magsaysay position in midst concerted effort place US and Magsaysay in unfavorable light. Accordingly Embassy is making press release as approved by Department for p. m. papers March 23 Manila. Suggest Washington release analogous time. Magsaysay asked no changes in text release.[3]

As Department understands, Garcia–Recto axis determined place Magsaysay, by public pronouncement foreign policy without Magsaysay's imprimatur, in position which US must deny or repudiate. Garcia–Recto combination obsessed, for cosmetic-political reasons, with desire to capitalize upon Philippine Nationalist sensibilities, which evidenced in bases issue, Clark Field press incident, Bowers' case, and other matters [which?] have been deliberately inflamed.

SPRUANCE

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[2] The request from the Philippines was actually for postponement of termination of the free trade period for 18 months after July 3, 1954, at which time the free trade period was scheduled to end under the existing Agreement.

[3] The joint U.S.-Philippine statement released on Mar. 22 is printed in Department of State *Bulletin*, Apr. 12, 1954, p. 566. In addition to U.S. acquiescence to the Philippine request for extension of the reciprocal free trade period, which would require action by the Congresses of both countries, the statement indicated that the United States was willing to discuss modification of the existing Agreement as well as matters not covered by the Agreement. The United States did not feel, however, that the selective free trade proposal advanced by the Philippines on May 5, 1953 (see *ibid.*, Sept. 7, 1953, p. 316), offered a satisfactory basis for future trade relations.

The mutual extension of the reciprocal free trade period for 18 months, through Dec. 31, 1955, was effected by the passage of legislation in both countries and an exchange of notes on July 7, 1954; see *ibid.*, July 19, 1954, p. 89 and Aug. 16, 1954, p. 254.

No. 356

796.00/3-2454

Memorandum by W. Park Armstrong, Jr., Special Assistant to the Secretary for Intelligence, to the Secretary of State

SECRET [WASHINGTON,] March 24, 1954.

Subject: NIE 66-54: Probable Developments in the Philippine Republic[1]

This estimate was undertaken by the Intelligence Advisory Committee, at the request of the National Security Council, in order to appraise the prospects of the new Magsaysay administration in the Philippines.

The most pressing domestic task confronting the Magsaysay administration is to increase agricultural productivity and to proceed with agrarian reform. Significant progress in this program is likely despite opposition from powerful elements.

Magsaysay has also set ambitious goals for his administration in the achievement of economic stability and growth. He is likely to make some progress toward achieving these goals by employing incentives to induce productive private investment, and he may resort to deficit financing. He will, however, continue to look to the US for financial assistance for economic development.

In dealing with the US, the administration will be confronted with the problem of reconciling the Philippine desire for special US treatment, particularly in the field of trade and national defense, with the strong Philippine desire for full national independence and freedom.

The Philippine Republic will probably seek to improve relations with Japan and to expand Philippine-Japanese trade.

It is not likely that within the next few years the Philippine Republic will of its own volition attempt to assume a position of leadership among Southeast Asian nations or take a dominant role in any Far Eastern regional security arrangements. However, the Philippines can contribute to bringing about closer economic and cultural cooperation among these countries.

A similar memorandum is being addressed to the Under Secretary.[1]

W. PARK ARMSTRONG, JR.

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[1] Not printed.

No. 357

711.56396/3-2554

Memorandum by the Officer in Charge of Philippine Affairs (Bell) to the Director of the Office of Philippine and Southeast Asian Affairs (Bonsal)

WASHINGTON, March 25, 1954.

Subject: Philippine Reaction to Attorney General's Opinion and Forthcoming Bases Negotiations.[1]

The reaction of the Manila press and Philippine public figures to the Attorney General's Opinion has bordered on the hysterical. With the exception of one member of Congress (who does not enjoy an admirable reputation) every public figure in the Philippines who has addressed himself to our claims as set forth in the Attorney General's Opinion is in agreement that our position is completely unacceptable.

Two leading Senators are reported to have publicly advocated abrogation of the Bases Agreement although one later denied having taken such a position. Concurrently we have been attacked by members of the Senate for alleged abuse of our jurisdiction within the bases and for failure to provide adequate military aid to the Philippine Armed Forces.

Newspaper editorials and news writers and columnists have been even more violent in their reactions.

The *Philippines Herald* stated that the deliberations of the Philippine panel studying the bases problem might lead to a "thorough reexamination of Philippine-American relations".

According to the *Herald* our claim to title "could thus create an unnecessary irritant to Philippine-American relations."

The *Manila Chronicle* (owned by a brother of the former Vice President and present Senator Lopez) stated on March 15 that approval of the U.S. position would "justify the oft-repeated charge that Philippine independence is nominal".

I. P. Soliongco, a caustic but not unfriendly columnist for the *Chronicle*, wrote on March 15:

> "If true, this report should shock the Filipinos into thinking more seriously of their patrimony. The layman that we are, we know of no law which strengthens the reported claim. It has been suggested that possibly the basis of the opinion is some secret agreement by which the Philippine government has sold the people

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[1] The opinion by Attorney General Brownell was released on Mar. 15, 1954. A copy is in file 711.56396/8-2853.

down the river. Such an agreement, if it really exists, is nothing but a betrayal, and no time should be lost in abrogating it."

"The last of the reports has it that, for bargaining purposes, the United States has tied up the base discussions with the negotiations for the revision of the Bell Trade Act. We sincerely hope this is not true, for if it is, the Philippines will be justified in accusing America of unfairness, and the accusation will stick."

"In 1946, Manuel Roxas rode to victory as the favorite of Washington. There was no question at all that the United States favored him and helped him. He paid for that aid and support by handing over to the Americans, on a silver platter as it were, the approval of the Bell Act and the ratification of the Parity amendment. In two years, his stock was down, and at the time of his death, he was already the target of attacks, some bitter, all justified."

"Now, what price is demanded of President Magsaysay in exchange for the support of the Americans during the campaign?"

Subsequently, Soliongco wrote:

"But if the policy-makers in Washington are wise, they ought to realize by now that, the more independent the Philippines is, the more useful she will be to the free world. They should rejoice over the fact that the Philippines has a Senator Recto whose independence of mind they can cite in their almost daily tiffs with the Soviets."

"But obviously, the United States has not learned anything at all. Her policy-makers are apparently convinced that the subservience of the Philippines to Washington is necessary to save democracy here and in other parts of Asia."

A *Chronicle* editorial of March 16 entitled "Territorial Hijacking" reads "The United States government is now hard at work forcing down the throats of the Filipinos the idea that its bases in the Philippines are American-owned and are, therefore, subject to the sovereignty of the United States.

"If the Philippines allows this piece of territorial hijacking, she will have attained the distinction of being the only nation which alienated parcels of her patrimony in exchange for the economic aid and good opinion of a wealthy and powerful 'friend'."

The *Daily Mirror* of March 15, held:

"The Administration cannot grant the U.S. claim without giving credence to the allegations of its critics that it is subservient to Washington. The US for the same reason should not press its opinion."

"Care should be taken that a favorable attitude on this proposal (Trade Agreement) is not conditioned in any way on the outcome of the negotiations on bases. We still remember how war damage payments were used as a bargaining lever in getting acceptance of the Bell Trade Act. The fear of many people today is that extension or revision of the same act may depend on whether we agree or not to give the US permanent rights to slices of our territory."

The *Evening News* of March 16 said:

"In the case of the United States claiming ownership of Philippine territory, we also question the motivation and the reasoning involved. There is absolutely nothing in the history of these negotiations to lead us to the belief that the American Government would even entertain such a far fetched and impossible notion. It would not only be opposed here with great vigor and determination, but it would be opposed elsewhere in the world as well. Nothing could possibly do more damage to the cause of America's struggle against communist tyranny than insistence that it owns part of the Philippines."

There follows comment by Philippine Congressmen as reported in the Manila press:

Senate President Rodriguez: "The Philippines will not relinquish sovereignty over any portion of Philippine territory".

Senator Delgado, Chairman, Foreign Affairs Committee: "The ownership of American and Philippine bases in the Philippines is with the Philippine Government. Under the agreement the U.S. Government will hold the bases for 99 years, only. It did not surrender an inch of Philippine territory to the U.S."

Senator Fernando Lopez, Acting President of the Democratic Party, was against transfer of ownership of any portion of Philippine territory.

Senate Majority Leader Cipriano P. Primicias said that the policy of Philippine senators is: "Not to yield an inch of ground of Philippine territory".

Senator Gil Puyat said that the sovereignty of a country should not be used as bargaining point in negotiations on military bases.

Senator Lorenzo M. Tanada, President of the Citizens Party, voiced opposition to American ownership of military bases and said question of Philippine sovereignty over any portion of its territory should not be brought into the bases discussions.

Senator M. Jesus Cuenco, Foreign Affairs Committee, said: "We must not allow slightest encroachment on our territorial sovereignty".

Senator Kangleon (Magsaysay's predecessor as Secretary of Defense) stated that the bases agreement grants the Philippines nothing, and there is no guarantee that the U.S. will not pull out from the bases "when the going gets tough," and deprecated the military assistance given the Philippines. He further pointed out that in return for military bases in Spain the U.S. promised in writing economic assistance of $500 million, that the Spanish agreement was for only ten years and that the terms of the agreement were much less onerous.

Representative Miguel Cuenco, Chairman, House Foreign Affairs Committee, and Representative Diodado Macapagal, foreign policy spokesman of the minority House, both urged resistance to the U.S. proposal.

An un-named Congressman is quoted as saying: "We may need America and all that—we may be their Oriental brothers—we may be ready to die to the last Filipino in defense of U.S. ideals of democracy. But to ask us to yield an inch of our territory to the Americans would be tantamount to abusing our generosity. Let them occupy their present bases for as long as they want, please allow us to keep the titles."

No. 358

796.00/4-154

Memorandum by W. Park Armstrong, Jr., Special Assistant to the Secretary for Intelligence, to the Secretary of State

SECRET WASHINGTON, April 1, 1954.

Subject: Intelligence Note: The Philippines, Negotiations with the Huks

The Magsaysay Administration recently reopened its military offensive against the Huks, thus concluding a "cease fire" and a two-months' period of "peace" negotiations with the Communists. The cease-fire period may have enabled the Communists to regroup their forces and strengthen Communist morale, but it also provided the government an opportunity to resume its military offensive with congressional support.

The Government's negotiating terms were: (1) a gradual surrender (perhaps up to six months) of all Huks with their arms; (2) surrenderees to stand trial if there were charges against them; if not, they would be free to return to their homes or go to a government settlement project; and (3) immediate receipt of a detailed roster of Huk personnel and a complete inventory of all arms.

The Communists ostensibly were willing to agree to a gradual surrender of men with their arms, but in addition insisted on two crucial points which the government would not accept: (1) maintaining control over their arms during the surrender period in order to guarantee the government's good faith; and (2) the lifting of the present legal ban on the Huks, the Communist Party, and the Communist-controlled National Peasant's Union (PKM).

By its willingness to negotiate on a basis of firm but generous terms, the government has allayed congressional pressure for an amnesty with the Communists and has placed the onus for the resumption of hostilities on the Communists. In resuming military operations, the government now faces the task of convincing Congress of the soundness of its decision by producing tangible results. The government will probably concentrate on capturing Huk leaders in an effort to demoralize the guerrilla movement. There is some evidence that even now the leadership is scattered and that operations are poorly coordinated. However, there are no indications that the major Huk leaders will defect under pressure. Mass surrenders appear unlikely since the Huks are already reduced to a hard core of some 2,500.

The Communists will most likely strive to preserve the nucleus of their military strength but will continue to agitate for "peace" and legalization of their activities. It is unlikely that the government will compromise on its "unconditional terms."[1]

W. PARK ARMSTRONG, JR.

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[1] On May 17, Luis Taruc surrendered to the Government of the Philippines, pleaded guilty to charges of rebellion, was sentenced to 12 years in prison, and fined.

No. 359

S/P-NSC files, lot 61 D 167, NSC 5413/1

Memorandum by the Executive Secretary (Lay) to the National Security Council

SECRET
NSC 5413/1

[WASHINGTON,] April 5, 1954.

U.S. POLICY TOWARD THE PHILIPPINES

References:
A. NSC 5413[1]
B. NSC Action No. 1084[2]
C. NSC 84/2[3]
D. NIE-66-54[4]

The National Security Council, the Secretary of the Treasury, Assistant Secretary of Commerce Anderson and the Acting Director, Bureau of the Budget, at the 191st Council meeting on April 1, 1954 adopted the statement of policy on the subject contained in NSC 5413, subject to the changes therein which are set forth in NSC Action No. 1084.

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[1] Dated Mar. 16, NSC 5413, prepared by the NSC Planning Board, was transmitted to the Council on that date for consideration at an early meeting. NSC 5413 did not differ substantially from NSC 5413/1 except as indicated in footnote 2, below.

[2] NSC Action No. 1084 was taken at the 191st meeting of the National Security Council on Apr. 1. The changes made in NSC 5413 were minor with the exception of the revision of paragraph 4 to take into account the joint statement of Mar. 22 (see footnote 3, Document 355) and the revision indicated in footnote 6, below. (611.96/4-654)

[3] For text, see *Foreign Relations*, 1950, vol. VI, p. 1514.

[4] See Document 356.

The President on April 1 approved the statement of policy contained in NSC 5413, as amended and adopted by the Council and enclosed herewith; directs its implementation by all appropriate executive departments and agencies of the U.S. Government; and designates the Operations Coordinating Board as the coordinating agency. The Financial Appendix and NSC staff study[5] originally enclosed in NSC 5413 are also transmitted herewith for Council information.

Accordingly, NSC 84/2 is hereby superseded.

JAMES S. LAY, JR.

[Enclosure]

STATEMENT OF POLICY BY THE NATIONAL SECURITY COUNCIL ON U.S. POLICY TOWARD THE PHILIPPINES

GENERAL CONSIDERATIONS

1. The Philippine Republic is important to the United States and the free world.

a. Strategically, it forms a principal link in the Far East defense perimeter, of special value at this time because of its geographic relation to Communist China, Japan, Formosa, Indonesia and Indochina.
b. Its independence and progress are daily reminders to other Asians of the value of Western democratic systems, and concrete evidence of the U.S. attitude toward progress from colonial status to self-determination.
c. It is our principal source of copra and hemp, and an important source of sugar and chrome.

2. Political power in the Philippines now rests with a coalition of parties, in which the Nacionalista Party under the leadership of President Ramon Magsaysay is the major factor. Magsaysay, like the majority of Filipinos, is strongly pro-American. Some influential Nacionalista Party leaders are seeking to reduce cooperation with the United States under the guise of promoting closer association with other Asian states. However, these leaders are not likely to bring about a significant change from the basic Philippine pro-U.S. and pro-free world position recently restated by Magsaysay. It is important that the Filipinos act to the maximum extent possible on their own initiative and that other countries, particularly in Asia, recognize that the Philippines are truly independent.

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[5] The staff study is not printed.

3. Although the Communist Party has never been outlawed by legislative action, it has been declared illegal by the courts. The Communist Party apparatus was badly impaired following the arrest and conviction of a number of Communist leaders in 1950 and 1951. Communist influence in the labor movement is now of relatively minor importance. The estimated strength of the Communist-led Hukbong Mapagpalayang Bayan (HMB) has been reduced from about 12,000 in 1950 to 2,500 today.

4. The principle of gradual transition to complete economic and commercial independence of the Philippines from the United States was established by the Independence Act of 1934 and is inherent in the 1946 Trade Agreement, which was based on the 1946 Trade Act. The request of the previous Philippine Administration on May 5, 1953, for reconsideration of the terms of the present arrangement, contained proposals implying a review of this principle. The United States has now rejected these specific Philippine proposals, but has agreed to consider with the Philippines possible modification of all aspects of the 1946 Trade Agreement, as well as commercial matters not covered by the Agreement. At the request of the Philippine Government, it has also been agreed to seek Congressional approval of deferment of the imposition of tariffs on a reciprocal basis for a period of 18 months.

5. The Philippine economy is not developing fast enough to meet the needs of the growing population. Increased production and diversification in agriculture and industry are essential to provide employment and increase living standards. Substantial mineral deposits exist on which development work is in progress. Agricultural production is restricted by outmoded practices, by the limited area under cultivation, and by other factors which reduce incentive. Industrial production is restricted by insufficient investment and low worker productivity. Major expansion of government efforts to improve the economy and provide public services is handicapped by insufficient revenues. U.S. economic and technical assistance is designed to encourage and assist the Philippine Government in its efforts to meet these problems.

6. Since assuming office Magsaysay has reiterated his determination to improve the status of the peasant and steps have already been taken to raise the level of political morality in the government. It is in the U.S. interest that these efforts be successful. However, government action can be effective only if clearly taken on Philippine initiative. American agencies have so far limited their role on social reform measures to technical assistance in the preparation of plans and the administration of approved measures.

7. External threats to the Philippines appear to be relatively remote at this time. Under the terms of a Mutual Defense Treaty

(signed August 30, 1951, effective August 27, 1952), the United States and the Philippines recognized that an armed attack in the Pacific area on either country would be dangerous to the peace and safety of the other, and each agreed to act to meet the common danger in accordance with its own constitutional processes. The further development of United States naval and air force installations in the Philippines will be the subject of negotiations to begin shortly. Although an increase in the combat effectiveness of Philippine military forces would be desirable, no appreciable increase in the present level of such forces would be advisable, under current conditions, in view of the present projected economic development program in the Philippines.

8. President Magsaysay has stated that while first concentrating on domestic problems he will also work to promote closer relations with Southeast Asian states. Through improved diplomatic relations with Asian countries, the Philippines could assist in improving economic and cultural cooperation in the area, but its leadership in a regional political or defense arrangement does not appear likely in the near future. However, even though the obstacles to development of a strong regional non-Communist community of interest in East Asia are formidable, it is clearly in U.S. interests to encourage the eventual emergence of the Philippines as a major force in the creation of such a community, bearing in mind that success of this idea depends in large part upon its indigenous nature.

9. An intense Filipino animosity toward the Japanese, kept alive by the failure to reach a reasonable agreement on reparations, acts to the detriment of the economies of both countries. Reduction of this animosity could be expected to lead to better trade relations and to an atmosphere favorable to Asian non-communist unity.

OBJECTIVES

10. An effective government which will preserve and strengthen the pro-American and democratic orientation of the country, and serve as an example to the Far East of the application of Western ideas and institutions to Asian problems.

11. An expanding and diversified economy capable of furthering domestic stability and progress and of competing successfully in the world market.

12. A military establishment capable of providing internal security, and of contributing to the defense of the country and of the free world.

13. A foreign policy which is based upon the traditional close relationship with the United States and which at the same time draws the country into a position of influence in non-Communist Asia.

COURSES OF ACTION

Political

14. Support the present government so long as it remains friendly to the United States and seek to ensure that any successor government is effective, friendly and non-Communist.

15. Conduct U.S. relations and activities in the Philippines in a friendly and helpful manner, while avoiding actions which appear to "direct" or "control" Philippine activities or leaders.

16. Encourage Magsaysay's expressed desire to carry out reforms which will strengthen his domestic position and contribute to the growth of his prestige in Asia.

17. Encourage closer relations among the non-Communist Asian nations, leading to the eventual emergence of the Philippines under Magsaysay as a major force in the creation of a cooperative community among them, bearing in mind that success of this idea depends in large part upon its indigenous nature.

18. For the present, encourage the Philippines to:

a. Increase the size and improve the quality of Philippine diplomatic representation in non-Communist Asia and establish missions where none now exist.
b. Recognize the Associated States of Indochina.
c. Reach a solution of the reparations problem with Japan and conclude a peace treaty with that country looking toward increased trade and friendly relations.
d. Develop a better appreciation among the Philippine people of the value to them of the struggle being conducted against Communist imperialism by other nations of East Asia.

19. When it becomes appropriate, consider encouraging Magsaysay to call or participate in conferences of some or all of the countries of non-Communist and anti-Communist Asia to examine matters of common interest in political, military, economic and cultural affairs.

20. Foster an expanded program of educational exchange between the Philippines and other free Asian countries by means of improved facilities and increased scholarships at the University of the Philippines and other qualified institutions.

21. Develop an improved program for educational exchange, with emphasis on bringing Filipino students and leaders to the United States.

22. Continue information programs to combat communism and furnish advice and support to Philippine and indigenous Chinese organizations combating communism.

23. Encourage and assist, particularly through USIA, public and private organizations working toward a stable democracy in the Philippines.

. . . .

Economic

25. Encourage the Magsaysay Administration to prepare and carry out plans for the development and diversification of the Philippine economy. To this end provide economic and technical assistance and encourage private investment for the purpose of facilitating (a) light industrial development, (b) increased production of strategic and basic raw materials useful to the free world, and (c) increased agricultural production.

26. Encourage and support with technical assistance realistic Philippine programs to reduce the social and economic inequities which encourage the development of Communism.

27. Encourage and support with technical advice revision of the tax system and other measures to increase Government revenues and draw foreign and domestic capital into useful investment.

28. Consult with the Philippine Government on possible modification of all aspects of the 1946 Trade Agreement, as well as commercial matters not covered by the Agreement which may be of mutual interest to both countries.

29. Attempt to negotiate a treaty of Friendship, Commerce and Navigation, and a double taxation agreement with the Philippines, to clarify commercial relations between the two countries and encourage American private investment.

Military

30. Continue military aid, training and advice necessary to assist in maintaining the Philippine armed forces at approximately present levels and to improve their combat effectiveness.

31. Endeavor to acquire land needed for the expansion of our military bases under terms which satisfy U.S. defense requirements with due regard to Philippine nationalist sensibilities. Be prepared to relinquish lands under U.S. control for which no need is foreseen.

32. In the event of overt attack on the Philippines the U.S. should take military and other appropriate actions to fulfill U.S. obligations under the Mutual Defense Treaty with the Philippines.

33. Seek under circumstances compatible with paragraph 15, to improve the arrangements which provide for unrestricted access by

the United States to military bases in the Philippines for its own and allied forces.[6]

FINANCIAL APPENDIX

SUMMARY

1. Estimated expenditures for FY 1954 through FY 1957 total $175 million. (Table I)

2. At the beginning of FY 1954, there was an *unexpended* carryover of $84 million available for proposed programs. Based on the current programming of appropriations already made for FY 1954 and requested for FY 1955, new funds of $62 million would be provided in these years, compared with expenditures of $104 million. There would be an *unexpended* balance of $42 million at the end of FY 1955 available for future expenditure. (Table II)

Special Notes: (a) All estimates are subject to the following assumptions, footnotes and detailed comments.

(b) In order to cover the lead time required for many Military Assistance items, sums must be made available well in advance of expenditures.

ASSUMPTIONS ON WHICH ESTIMATES ARE BASED

1. The pacification campaign against HMB will be successful.

2. No further payments by the U.S. on Philippine war claims.

3. No further collections by the Philippines on reparations from Japan.

4. In order to permit the Philippine Government to implement its projected economic development program, the present level of Philippine military forces will not be increased during the period of this program.

5. The Philippine Government will increase its efforts to expand the Philippine economy, with the result that U.S. economic aid can accordingly be reduced.

6. Amounts shown as funds available are subject to future Executive decisions to transfer funds from one program to another, and to Congressional decisions on current appropriation requests.

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[6] This paragraph was proposed by the representatives of the Departments of Defense and Treasury and the Joint Chiefs of Staff. The first version of the paper (NSC 5413, Mar. 16) did not contain the words "under circumstances compatible with paragraph 15", which were added after it was referred back to the NSC Planning Board at the insistence of the Department of State and were approved for inclusion by NSC Action No. 1084, Apr. 1. (Memorandum of discussion at the Apr. 1 NSC meeting; Eisenhower Library, Eisenhower papers, Whitman file)

ESTIMATED COST OF PROPOSED POLICIES

Table I. Expenditures by Programs

FY 1952–FY 1957

(Millions of Dollars)

	Actual Expenditures		*Estimated Expenditures*				
	1952	*1953*	*1954*	*1955*	*1956*	*1957*	*Total*
Military Assistance[7]	$12.0	37.4	31.7	27.0	23.9	4.6	87.2
Economic & Technical Assistance[8]	12.0	24.1	22.0	20.0	20.0	20.0	[9]82.0
Information Services	1.9	2.2	1.4	1.3	1.1	1.1	4.9
Educational Exchange	.5	.4	.3	.3	.3	.3	1.2
Totals	26.4	64.1	55.4	48.6	45.3	26.0	175.3

[7] Value of matériel shipments, plus expenditures for training, and packing, handling and crating, and transportation. [Footnote in the source text.]

[8] Authorized and conducted as a single unified program for economic and technical assistance to the Philippines. [Footnote in the source text.]

[9] This figures does not include possible Philippine participation in a U.S. Surplus Agricultural Commodities Program which may be developed. [Footnote in the source text.]

Table II. Availability of Funds in Relation to Expenditures

FY 1953–FY 1955

(Millions of Dollars)

	Total	*Military Assistance*	*Economical & Technical Assistance*[10]	*Information Activities*	*Exchange Activities*
Unexpended Carryover into FY 1954	84.0	54.5	28.8	.7	.0
Plus: FY 1954 Funds	30.6	13.9	15.0	1.4	.3
Equals: Total available for expenditures	114.6	68.4	43.8	2.1	.3
Less: Estimated expenditures FY 1954	55.4	31.7	22.0	1.4	.3
Equals: Unexpended Carryover into FY 1955	59.2	36.7	21.8	.7	.0
Plus: FY 1955 Funds	32.1	10.5	20.0[11]	1.3	.3
Equals: Total available for expenditures	91.3	47.2	41.8	2.0	.3
Less: Estimated expenditures FY 1955	48.6	27.0	20.0	1.3	.3

Table II. Availability of Funds in Relation to Expenditures—Continued

FY 1953–FY 1955

(Millions of Dollars)

	Total	*Military Assistance*	*Economical & Technical Assistance*[10]	*Information Activities*	*Exchange Activities*
Equals: Unexpended Carryover into FY 1956	42.7	20.2	21.8	.7	.0

[10] Authorized and conducted as a single unified program for economic and technical assistance to the Philippines. [Footnote in the source text.]

[11] This figure does not include possible Philippine participation in a U.S. Surplus Agricultural Commodities Program which may be developed. [Footnote in the source text.]

COMMENTS ON PROGRAMS LISTED IN TABLE I

Military Assistance

1. The United States is assisting in the equipping of Philippine military forces, detailed in the Staff Study (paragraph 31).[12]

2. Military aid currently programmed for the Philippines from military assistance funds appropriated through FY 1954 should, if deliveries are completed in FY 1956 as presently planned, essentially provide the initial equipment required for the JCS recommended forces (except for maritime aircraft) as well as limited attrition equipment for these forces, limited maintenance for equipment on hand, and a 90-day war reserve of ammunition for the Philippine Army. The question of providing a squadron of maritime aircraft, as originally recommended by the Joint Chiefs of Staff, is being restudied.

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[12] Paragraph 31 of the staff study reads as follows:

"31. *The Armed Forces.* The Philippine Armed Forces consist of approximately 53,000 officers and men as follows:

"Army—39,000 (26 BCTs)

"Navy—3,300 (no major combat vessels)

"Air Force—3,800

"Constabulary—6,900

"The Air Force has approximately 40 F-51D fighters, 20 transport planes (largely C-47s) and about 100 miscellaneous trainer aircraft. The Philippine Navy consists of approximately 5 escort vessels, 19 sub-chasers (5 of which are inactive), 3 patrol craft, 7 amphibious craft, 13 auxiliary vessels and service craft, and 1 minesweeper."

Economic and Technical Assistance

3. The Economic and Technical Assistance Programs include activities in the fields of agriculture, health and sanitation, education, transportation, mineral development, and public administration.

a. In FY 1954 Economic and Technical Assistance total approximately $22 million. The Agricultural Assistance Program is aiding the Philippines to increase food production, to improve rural conditions, and in training agricultural leaders. The Health and Sanitation Program is assisting the Philippines to control malaria, establish rural health units, increase well construction, and improve health training. The Educational Program is assisting the Philippines to establish vocational, professional, and teacher-training. The Transportation Program is aiding in the construction of roads, harbor improvement, and in the making of a comprehensive transportation survey. The Mineral Resources Program is aiding in the development of the country's basic mineral resources and providing technical advice to prospective investors and government officials. The Public Administration Program is aimed at increasing the government's ability to operate effectively. Provision has been made for a budget and accounting survey and a government-wide wage and classification survey. A Labor-Management Relations Center has been established by the Government Institute of Public Administration.

b. In FY 1955 Economic and Technical Assistance will total approximately $20 million. The Programs will continue and expand the development and improvement in the fields mentioned above.

Information Services

The Information Services Program includes the following:

4. 4 Information Services centers employing 13 Americans and 111 local inhabitants are maintained. The estimated annual attendance at these centers is 230,000, 80% of whom are students.

5. During FY 1954 the lack of funds made it necessary to reduce the services of the libraries by 40% and caused elimination of 2 or 3 libraries as well as the dismissal of some library personnel.

6. Press material is furnished daily and weekly to 122 newspapers and magazines, 18 radio stations, and 65 government officials. During FY 1954 these services were reduced by approximately 65% because of lack of funds.

7. USIA has contracts with Philippine motion picture companies to produce anti-Communist pictures which present positive democratic themes. These films are shown throughout the Philippines by commercial theaters, mobile units, and television stations. Television is a young industry in the Philippines but the USIS films are a major source of its programs. During FY 1954 a reduction in the USIS film program by 50% will be necessary because of lack of funds.

8. USIS utilizes approximately 80 to 90 hours monthly to each of 18 radio stations. 10 hours of this time is devoted to materials in Chinese. All of the programs are in native dialect and produced locally. A new Voice of America transmitter has begun both medium and short-wave transmission in northern Luzon. The general program has been reduced during 1954 to keep within the available funds.

Educational Exchange

9. The Educational Exchange program is authorized under Public Law 584 (Fulbright Act) and Public Law 402 (Smith–Mundt Act). Under this program 344 Philippine nationals have come to the United States and 81 Americans have gone to the Philippines. The Fulbright Act provides for an exchange of lecturers, teachers, students, and research specialists. The Smith–Mundt Act provides for an exchange of civic leaders from the Philippines. Under the latter Act, 54 Philippine civic and industrial leaders came to the United States and 8 American specialists went to the Philippines.

10. Expenditures under the Fulbright Act are financed from local currency derived from the surplus property agreement with the Philippines. Under this Act the amount of the program is limited to a maximum of $1,000,000 annually and the total period is limited to 20 years. Expenditures under the Smith–Mundt Act are financed by the United States dollar appropriations made available by Congressional action.

No. 360

711.56396/4–254

The Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Director of the Office of Foreign Military Affairs, Department of Defense (Davis)

SECRET WASHINGTON, April 10, 1954.

MY DEAR ADMIRAL DAVIS: I refer to your letter of April 2, 1954, and to previous discussions and correspondence, including a letter from Assistant Secretary Nash dated December 3, 1953, regarding the use of United States military and naval bases in the Philippines by vessels and aircraft of third powers.[1]

This subject has been dealt with in paragraph 33 of NSC paper 5413/1,[2] which reads: "Seek under circumstances compatible with paragraph 15 to improve the arrangements which provide for unrestricted access by the United States to military bases in the Philippines for its own and allied forces."

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[1] Neither printed.

[2] *Supra.*

Paragraph 15 reads:

> "Conduct United States relations and activities in the Philippines in a friendly and helpful manner, while avoiding actions which appear to 'direct' or 'control' Philippine activities or leaders."

The Department of State will, of course, make every effort to seek to improve the arrangements now in effect with a view to obtaining maximum freedom of action for the United States in this matter. As you state, however, successful negotiation with the Philippines to achieve this end will depend in large part upon the timing and the manner of approach which we select.

The question of third power access has presented difficulties for several years, since each approach to the Philippines on the subject has revealed that the Philippine Government adheres strongly to the view that the Military Bases Agreement does not give the United States the right to authorize unilaterally the entry of third power vessels and aircraft into our bases. An attempt to solve the problem was initiated in 1949, when negotiations were started which culminated in an exchange of notes in late 1951[3] granting to "integrated" foreign warships the same status enjoyed by United States ships. The Department's records reveal that the correspondence leading up to this exchange of notes was closely coordinated with COMNAVPHIL by the Embassy in Manila, and that the final version of the agreement was based upon a memorandum sent to the Department by Rear Admiral J. H. Thach, Jr., then Director, International Affairs, Office of the Chief of Naval Operations.

On the basis of the agreement embodied in this exchange of notes, the Embassy in Manila has subsequently attempted to facilitate the operation of our bases in the Philippines by entering into arrangements with the Philippine Government regarding third power aircraft. (The documents providing these arrangements were transmitted to the Department of State by the Embassy's despatch number 791, dated January 20, 1954,[3] copies of which were sent to the Departments of the Army, the Navy and the Air Force.) The Department of State has been informed by Ambassador Spruance that, "I am of the opinion that the documents enclosed in despatch No. 791 provide an adequate solution. I have discussed this question with Admiral Cruzen[4] and General Sessums[5] who feel that the arrangements to which the Philippines have agreed are quite workable and satisfactory and we need anticipate no trouble whatever".

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[3] Not printed.

It is apparent from our negotiations with the Philippines that the Philippine Government would not accept, as a matter of law, the view that we have the right to authorize unilaterally the entry of third power vessels and aircraft into our bases. This being so, it would appear that our best approach would be to recognize the fact that there may be differences between the two countries on the interpretation of the Military Bases Agreement, and to seek new and more favorable arrangements on the ground that unrestricted flexibility in the use of our bases in the Pacific is vital to the defense of the Pacific area, including the Philippines.

The Department of State will undertake to approach the Philippines along these lines, but I do not believe that the present time is propitious, or that we would be able at this time to secure Philippine agreement to an improved arrangement. I cite below extracts from a recent letter from Ambassador Spruance setting forth his reasons for opposing action on third power access at present.

> "I think that the position advanced by the naval officers who talked to you completely overlooks the fact that if we approach the Philippine Government at this time, the preparation of the Philippine reply would be handled by Undersecretary of Foreign Affairs Guerrero. He has just received a great deal of publicity on the doctrine of 'Asia for the Asians' which he expounded in a recent speech. This is just the sort of an argument that Guerrero loves and, ably seconded by Senator Recto, he would cite the Navy position as being exactly the kind of thing he had in mind. He is quite capable, if we take an extremely technical position, of taking a leaf from the Russian book and pointing to the language of Article III of the Bases Agreement, which says that we are given all rights, power and authority we need 'which are necessary to provide access', and to say in effect: 'As we have no certain means of identifying United States planes, it is necessary for our protection and security that all planes approaching Clark Field come in along a designated corridor and at certain heights', such as by way of Subic Bay or the Gulf of Lingayen. He could point out that we had acquiesced in such an arrangement in Germany and he could put forth an argument which would be most persuasive to the Filipinos that this was an entirely reasonable suggestion.
>
> "The question of what we do in comparable situations in other foreign countries is one which the Filipinos watch very closely. That is why we recently requested copies of the United States-

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[4] Rear Adm. Richard H. Cruzen, Commander, U.S. Naval Forces, Philippines.

[5] Maj. Gen. John W. Sessums, Commander, U.S. 13th Air Force.

Spanish Bases Agreement[6] because there have been frequent references in the press recently indicating that Senator Recto and others have some knowledge of the provisions of that agreement and believe that our arrangements with the Spanish Government are much more favorable to Spain than is our arrangement with the Philippines. I am not familiar with the details of the Spanish Agreement or with any of the arrangements for bases in other foreign states, but I would doubt very much if we have taken such an extreme position in other cases. It is all very well to say that the Philippines agreement is quite a different matter—as it undoubtedly is—but it is something else again to convince people like Recto and Guerrero that the situation is different.

"I can appreciate the fact that the Navy Department, in considering this question, may have been looking forward to some future period when a government perhaps not so friendly was in power. But an unfriendly government could find many other ways, if it wanted to be technical, to harass us in the operation of our bases—as for example, the question of limited access routes which I mentioned above which might be much more serious. As mentioned in despatch No. 799 [*791*], if President Magsaysay were to agree to the Navy position, we would expose him to the most vicious sort of attacks and I would strongly urge that our answer to the Navy position should be to 'let sleeping dogs lie'. I don't have anything to add to the views contained in despatch No. 799 [*791*]. When it was in preparation I communicated with Admiral Cruzen. His suggested modifications were incorporated in the despatch before I sent it on.

"I am sorry that I cannot concur in the views expressed by my old Service. I can fully understand the desire for the utmost freedom of movement, but in this case I feel that the political realities of the situation override the hypothetical risk involved. I appreciate your writing me about this whole question."

I agree with the Ambassador that we have more to lose than to gain by attempting to carry out the intent of Paragraph 33 of NSC paper 5413/1 under present circumstances, but assure you that the Department of State will seek to conclude the desired arrangements as soon as there seems to be a good chance for successful negotiation with the Philippines. In the meantime, the Department and the Embassy will make every effort to eliminate any inconvenience which may arise under the arrangements now in effect on an *ad hoc* basis.

Sincerely yours,

WALTER S. ROBERTSON

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[6] Signed on Sept. 26, 1953; for text, see Department of State *Bulletin*, Oct. 5, 1953, p. 435.

No. 361

796.5/5-354

Memorandum of Conversation, by the Acting Secretary of State

SECRET WASHINGTON, May 3, 1954.

Subject: Philippines

Participants: General Carlos Romulo (Philippines)
Robert Murphy, Acting Secretary of State

Subsequent to his meeting with the President on April 30,[1] Ambassador Romulo[2] called on me today at his request saying that the President had suggested that he discuss with me the question of implementation of Article III of the Mutual Defense Treaty between the Philippines and the United States. Ambassador Romulo left with me the attached memorandum[3] inviting attention to Articles III and V of the Treaty. He said that in view of the internal political situation in the Philippines it would be most helpful if President Magsaysay were in position to demonstrate that the Mutual Defense Treaty is not a dead letter and that the Philippines is an active factor in United States thinking. He said he hoped that a meeting of consultation under Article III could be arranged here in Washington. He would represent the Philippine Government and believed such a meeting would be conducive to offsetting some of the harmful work that Senator Recto and his followers, under the slogan "Asia for the Asians", are doing to amicable relations between the Philippines and the United States.

The Ambassador mentioned incidentally that he had recently talked by telephone with Magsaysay who, he said, is disturbed over Garcia's attitude in Geneva;[4] that he, Romulo, thought it disgraceful that the Philippine representative had not responded immediately in support of the U.S. after Chou En-lai's speech;[5] he said that Magsaysay had told Romulo to be ready to proceed to Geneva at any moment if he should decide to replace Garcia.

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[1] Memorandum of conversation between Romulo and President Eisenhower, not printed. (FE files, lot 55 D 480, box 325)

[2] Romulo was the special representative of President Magsaysay in the United States.

[3] Not printed. Article III provided for consultations between the United States and Philippines "from time to time" whenever either party felt "threatened by external armed attack in the Pacific".

[4] Vice President Garcia was head of the Philippine Delegation at the Geneva Conference on the Korean question.

[5] Reference is to the statement made by Foreign Minister Chou En-lai, head of the Delegation of the People's Republic of China at Geneva, on Apr. 28 relating to the Far Eastern situation in general.

I said that we would look into the suggestion regarding Article III of the Mutual Defense Treaty, appreciating his point. At the same time, I wondered how the conversations in Manila regarding U.S. bases were getting along. He said this is an unfortunate matter. He thought that what was intended by the agreements regarding bases is a 99-year lease rather than deed in perpetuity. I asked him whether he had any particular text in mind, but he seemed to be confused as to the language explaining that in his opinion the principal thing is to have happy and friendly relations with the population of the area rather than to depend on legalisms. I told the Ambassador I had always been of the opinion that the United States had acquired title to the bases and hoped this question could be settled promptly and amicably so that we could get on with so many other pressing matters. I also said we would let him know what could be done regarding his present *Aide-Mémoire.*

No. 362

796.5 MSP/5-1054: Telegram

The Secretary of State to the Embassy in the Philippines[1]

SECRET WASHINGTON, May 10, 1954—6:30 p. m.

2909. Romulo and Abello[2] called on me May 10 at my request. Romulo referred to previous conversation with Murphy and Philippine request for consultation Mutual Defense Treaty. He suggested JUSMAG begin conversations with military panel appointed by Magsaysay, with special reference to responsibility and role of Philippine military establishment in defense plans. Romulo envisioned results these discussions as basis talks between Secretary Wilson and President Magsaysay.[3] I stated United States prepared begin such consultations.

Romulo expressed concern over press report alleged five-power meeting under way Singapore. I informed him such report completely erroneous and assured him that Philippines would be kept fully informed of any conversations with respect to united action in Southeast Asia. I pointed out that, while we plan further steps with respect to organizing for united action, we believe military action must await developments at Geneva.

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[1] Repeated to Geneva as Tosec 122. Secretary Dulles returned from Geneva on May 2 leaving Under Secretary of State Walter B. Smith in charge of the U.S. Delegation.

[2] Emilio Abello, Philippine Chargé in Washington.

[3] Secretary of Defense Charles E. Wilson was scheduled to visit Manila later in May; see Document 364.

I suggested it would be helpful if Philippines recognized Associated States. Romulo said his government would like to see French-Viet-Nam treaty before making decision. I stated treaty was presently secret.

Department will consult Defense and inform Embassy steps to be taken re Romulo's proposal for JUSMAG-AFP discussions.

DULLES

No. 363

796.5 MSP/5-2154: Telegram

The Chargé in the Philippines (Lacy) to the Department of State

SECRET MANILA, May 21, 1954—5 p. m.

2635. Department please pass G-2. Following memorandum given me last night by General Cannon[1] who is particularly eager that he "as source, be protected."

Begin text: On 20 May 1954 I was invited by President Magsaysay attend Security Council meeting at headquarters, Armed Forces of Philippines. Present were President Magsaysay, Defense Secretary Cabahug, General Vargas, General Balao, and members General Staff.

Conference started by staff presenting to President two studies, one on matters he would discuss at a caucus with political party leaders, second, matters to be discussed with Secretary Wilson. President directed proposals be presented to him verbally with pertinent extracts being read. Staff appeared be greatly embarrassed my presence, hence I volunteered, if desirable for security reasons, I leave room, I would be happy to do so; whereupon President stated I was his military advisor and he desired I be fully informed on all military matters. Staff then started discussing terms of base agreement and security pact, indicating certain changes that should be made. President stated very firmly there would be no changes in wording of pacts; that Philippine Government had made treaties and agreements and would carry them out; that he would discuss with party leaders and with Secretary Wilson implementation of terms of agreements and treaties. He further stated he would discuss with political leaders conditions under which Philippine Government would enter into an Asian or Southeast Asian bloc.

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[1] Maj. Gen. Robert M. Cannon, Chief of JUSMAG, Philippines.

Captain Pargas, AFP G-3, was then directed go over matters which Armed Forces of Philippines were recommending President take up with Mr. Wilson. Captain Pargas read certain extracts from security treaty as background. He then said in view world conditions, it was deemed necessary that Armed Forces of Philippines be greatly increased and that it was desired to form seven divisions and five air wings; that Philippines would not be able to fund such a force and that $960 million would be required, both in hard and soft goods, from U.S. I was then asked by President to present my views on such a request. My comments were in substance as follows: That before serious consideration could be given, I would like to know why such a force was required; what intelligence studies had prompted their thinking; how such a force was to be used, whether within Philippines only, or external use; some details for creating such a force, such as construction of air bases, camps and stations; where manpower was coming from, what training programs would be required, amount of time required train crews, pilots, etc. I emphasized that such a sum could not be even given serious consideration without complete, detailed program with sound plan of implementation. President then stated to staff he felt such a request was beyond reason and would not even receive serious consideration from US Secretary. He then directed they get down to earth and be realistic in their thinking. He requested I express my views on a presentation which would be, in my opinion, reasonable for requesting additional assistance. My comments were in substance as follows:

(a) Describe the force in being in Philippines and how it was to be used.

(b) Requirement for additional forces and how they were to be used.

(c) That the additional forces should be planned on a package basis such as one reserve division could be called up initially; that such a division would cost Philippine Government a certain amount for pay, food, allowances, etc., and would require equipment of a certain value; that Philippine Government could support and felt the need for two, four, six or some such number of divisions, that they could be called up within a stated period of time, and that if the US felt world conditions warranted such a force and was prepared support them financially, cost for number of divisions would be original package times number of divisions to be formed; that same approach should be taken on any plan to increase air force or navy.

President then asked whether Secretary would want to know if such additional forces created would be available for use outside Philippines. My comment was I felt US Secretary would be interested.

A staff officer then compared terms of US-Philippines treaty with US-Australian [*ANZUS*?] treaty and with NATO treaty. It developed the main differences in these treaties were the US-Philippine treaty does not provide for a permanent standing committee. President then stated this was about what he was going to present to Mr. Wilson and he wanted staff to prepare notes along these lines, that they would meet again Monday morning.[2]

That US and Philippine Government appoint, under terms Article 3 of treaty, a standing committee.

That US encourage using Philippine industries to supply military items for other countries where US aid is being given, such as Formosa, Indochina, etc. Purpose of this to improve Philippine economy and working conditions throughout Islands.

That US agree furnish additional equipment so that at least one RCT and probably one division could be called to active duty immediately. At present time there is approximately enough equipment for two divisions within Philippines. He desired additional equipment for a third division be furnished.

President then stated he would meet with Secretary Wilson on Tuesday, that he desired Foreign Secretary, Defense Secretary and General Vargas be present during conference; that he assumed Wilson would have members of US staff present. In view Ambassador Spruance's discussions with me on this subject, I volunteered I thought this large group being present initially at conference to furnish desired information, briefings, etc., might be desirable, but I recommended for his consideration that later he and US Secretary meet alone and that any decisions and firm commitments be made at that time. He neither accepted nor refused this recommendation. President then directed Under Secretary Crisol start preparations of a joint press release; that he wanted it distinctly understood there be no press release made by anyone except joint releases by himself and US Secretary, and that these releases would be in writing so as minimize possibility of misinterpretation and to try prevent misleading information appearing in press or being used by his political opponents.

Note: It is believed desirable that any source of information obtained at this Security Council meeting be very carefully guarded. I feel it highly desirable I attend, if invited. However, I feel President might well be criticized by having a non-Filipino citizen present. *End text.*

LACY

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[2] May 24.

No. 364

796.5 MSP/5-2554: Telegram

The Chargé in the Philippines (Lacy) to the Department of State

SECRET MANILA, May 25, 1954—6 p. m.

2665. Pass Defense. Secretary Wilson, Under Secretary Gates,[1] Admiral Stump,[2] Admiral Goodwin,[3] Admiral Storrs,[4] General Cannon and I met at Sangley Point evening 24 May to discuss meeting today with Magsaysay. It was consensus that:

(a) Secretary Defense should not and could not commit US to program of character described in General Cannon's memo Embtel 2635 May 21;

(b) Nonetheless conversations with Magsaysay should be reassuring as to US desire and determination perform under 1951 treaty and that release made at end of meeting should be noncommittal but provide Magsaysay's opposition with as little ground for criticism as possible to the effect Magsaysay had been shortchanged by US;

(c) In order limited nature Secretary Defense assurances to Magsaysay not leak, discussion matters of moment be undertaken by Secretary Defense and Magsaysay alone (if Secretary Defense had asked for one or more advisers to be present Magsaysay would obviously have been obliged do likewise).

During course discussions Magsaysay sent me following memo which he classified as Top Secret:

"Agenda matters to be taken up with Secretary Wilson regarding the implementation of the United States-Philippine Mutual Defense Treaty. This has been prepared for submission to the United States Secretary of Defense, the Honorable Chas. Wilson, on the basis of information that he has expressed willingness discuss the various matters contained in it with President Magsaysay during his visit Manila. Renewal of open Communist aggression in the immediate neighborhood of the Philippines in Asia, in which attempt the Communists have apparently met with initial success, has caused great concern on the part of the government and the Filipino people. This feeling has given rise to the need on their part for more definite assurance from the United States with which they have entered into a formal agreement of mutual defense and on which, because of the prevailing international situation, they have to rely for assistance in case of external attack. This concern is based on their experience in the last world war. It is imperative that their feeling of security be restored and it is believed that this could be accomplished if a more definite clarification of the commitments of the US under the aforementioned treaty could be had, especially as such commitments may apply directly and specifically to the threat posed by the recent Communist gains in Indochina.

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[1] Thomas S. Gates, Jr., Under Secretary of the Navy.

[2] Adm. Felix B. Stump, Commander in Chief, Pacific, and U.S. Pacific Fleet (CINCPAC/CINCPAC FLT).

[3] Rear Adm. Hugh H. Goodwin, Commander, U.S. Naval Forces, Philippines (COMNAVPHIL), since May 1, 1954.

[4] Rear Adm. Aaron P. Storrs, III, Chief of Staff to the Commander in Chief, Pacific.

Despite the limitations in material resources from which the Philippines as a young nation as yet suffers, not to mention its other equally important and pressing preoccupations connected with nation building, it is prepared to fulfill its own commitments under the treaty. For this reason it is desirous of improving its present defense capabilities. And it is believed that the Philippines could more fully and effectively live up to its obligations under the aforementioned covenant if the United States Government could favorably entertain the following proposals:

> 1. To effectively carry out the terms of the Mutual Defense Treaty, which developments in the international situation especially in the Far East obviously call for, it is proposed that a council be created to be composed of representatives of the US and the Philippines. This group will serve as a continuing body in charge of the over-all implementation of the above-mentioned pact in the same manner as that provided for in the bilateral defense treaty entered into by the US with Australia and New Zealand.
>
> 2. Build-up of Philippine military manpower.
>
> The Philippines has sufficient manpower. To enable this country to do its part in repelling external aggression and take care of its own internal security, the use of this manpower is believed urgently called for to augment and bolster the existing military, naval and air forces. Training can begin by phases, starting with at least one division. The United States Government, however, will have to underwrite expenses such as those for equipment, cantonment areas and pay.
>
> 3. Participation in marginal wars.
>
> To take care of this contingency, it is proposed recruit and train a body of volunteer reserves and trainee reserves which, should the need arise for their employment under the military bases agreement, could be used without violating certain requirements under the Philippine constitution and laws. Experience with the United States recruitment program under the military bases agreement and in connection with Philippine participation in the United Nations' military action in Korea has shown that this proposal is feasible and practical.
>
> 4. Increased economic assistance.
>
> Notwithstanding the generous amounts received by the Philippines in military assistance, the Philippine Government still found it necessary to appropriate funds. It is therefore necessary that the United States Government, to forestall any adverse effect which these military outlays may have on the national economic structure, give sympathetic consideration to the following:

a. The use of the Philippines more fully as an off-shore procurement base for war materials, supplies, and war services for United States and Allied forces in Southeast Asia. This would mean increasing our dollar reserves and relieving in some measure our present unemployment situation. Given sufficient dollar assistance toward the purchase of needed machinery, the Philippines can supply the United States and her Southeast Asian allies the following services:

(1) Repair and maintenance of aircraft engines;
(2) Manufacture of sheet metal products;
(3) Repair of vessels;
(4) Manufacture of individual clothing and equipment;
(5) Manufacture of tentages and other canvas equipment;
(6) Repair and rehabilitation to include assembly of motor vehicles;
(7) Manufacture of small arms and equipment.

b. United States purchase of Philippine bonds for rural development.
c. The up-dating of the Bell Trade Act.
d. Use of the good offices of the United States Government to settle the Japanese reparation question in a manner satisfactory to the Philippines.
e. Increased FOA assistance.

If the foregoing proposals are acceptable to the United States Government, it is suggested that a joint committee be created composed of representatives of the two countries to discuss and agree on the preliminary details thereof."

It was agreed that Secretary Defense could give Magsaysay no satisfaction on any of enumerated paragraphs except number one. Accordingly a press release was drafted differing in no important respect from that which is dispatched as UMPHE 06250800Z.[5]

After luncheon 25 May Secretary Defense and Magsaysay adjourned to latter's private apartments where press release UMPHE 06250800Z and Magsaysay memorandum were discussed. After some thirty minutes Admiral Stump and I were asked to join the two and press release with minor changes agreed upon. Secretary Defense made clear to Magsaysay that remaining matters Magsaysay memo were to be held between the two of them and would be dealt with at another time in some appropriate way.

Secretary Defense, Admiral Stump, Magsaysay, Cannon and I consider press release best possible under circumstances. Magsaysay seems satisfied and reasonably confident that he will not be subjected to damaging attack from opposition, which remains to be seen.

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[5] Not printed. The press release expressed agreement on the establishment of a joint U.S.-Philippine Council to hold discussions under Article III of the Mutual Defense Treaty.

Secretary Defense established unusually sympathetic relations Magsaysay.

LACY

No. 365

790.5/6-554

Memorandum of Conversation, by the Acting Assistant Secretary of State for Far Eastern Affairs (Drumright)

TOP SECRET WASHINGTON, June 5, 1954.

Subject: Request for Philippine Assurances of Support in Event of Overt Chinese Communist Aggression

Participants: General Carlos P. Romulo, Special Representative of the President of the Philippines
Dr. Melquiades J. Gamboa, Chargé d'Affaires, Embassy of the Philippines
The Secretary
Mr. Everett F. Drumright, Acting Assistant Secretary, FE

General Romulo and Dr. Gamboa called on the Secretary this morning at the Secretary's request. The Secretary presented them with copies of a "Philippine Talking Paper" (copy attached).

After allowing time for General Romulo and Dr. Gamboa to read the paper, the Secretary elaborated on a few points. He said that the French are still unable to make up their minds, and that they are using possible U.S. intervention as a card to bolster their position at Geneva.

The Secretary said that the United Kingdom had finally agreed to participation in the Five Power military talks, adding that while those talks are mostly "scenery", the United States would keep the Philippines fully informed.

In the course of the conversation, the Secretary stressed the importance of holding Japan, Okinawa, Formosa, the Philippines and other areas located off the Asian mainland. He referred to the Mutual Defense Treaties which the United States has with the Philippines, Australia and New Zealand and said that overt unprovoked Chinese Communist aggression outside of mainland China would bring up the question of implementation of these treaties. Asserting that if it became necessary to react to overt Chinese Communist aggression, the Secretary expressed hope that we would have the support and cooperation of the Republic of the Philippines pursuant to the Mutual Defense Treaty and we would appreciate Philippine assurances to this effect.

Following this statement, the Secretary asked if General Romulo or Dr. Gamboa had any questions. General Romulo immediately referred to the Secretary's statement about the necessity for defending non-Communist territories lying off the mainland of China and asked if the United States was really determined to defend them against Communist encroachment. The Secretary replied that the United States is determined to stand and fight on that line in the event of aggression.

General Romulo referred to point (1) of the Talking Paper and asked when the Council referred to in the Magsaysay–Wilson joint release of May 25 at Manila could be expected to be established. General Romulo said that President Magsaysay had requested that the Council be set up as soon as possible, adding that President Magsaysay was anxious to know what responsibilities and obligations the Philippines would have to assume in the light of the deteriorating situation in the Far East and the terms of the Mutual Defense Treaty. President Magsaysay also wanted to know what assistance and support the Philippines could expect to receive from the United States. General Romulo also asked about the composition of the Council and where its deliberations would take place. After Mr. Drumright had read out a portion of the Magsaysay–Wilson joint release pertaining to the establishment of the Council, the Secretary said that these questions would require consultation with the Defense Department and further discussions with the Philippine Government. The Secretary expressed the personal view that the Council should be primarily military in character. Mr. Drumright asserted the view that Manila would probably be the most appropriate location for the holding of Council meetings. The Secretary stated that steps would be taken promptly to move toward establishment of the Council.

[Attachment]

Philippine Talking Paper

1. We consult pursuant to article 3 of the Mutual Defense Treaty.

2. Negotiations with reference to the collective defense of the area of Southeast Asia are still unresolved. The French have made considerable progress in agreeing to move forward along three essential lines.

a. The completion of the treaty of independence with Vietnam.

b. Agreement not to withdraw its forces from Indochina so long as they are needed.

c. Willingness to have the UN begin to study the situation, the opening step being the Thai application to the Security Council.

The UK position is still undecided, since the United Kingdom withdrew from the commitment given in London on April 13. However, the British Cabinet meeting today might lead to a change in the United Kingdom position.

3. The military talks going on here will reach no decisions and they are held primarily because this was the only form in which the United Kingdom was willing to have any activity during the Geneva Conference and this seemed to the United States to be better than nothing. The United States will keep the Philippines fully informed of the talks.

4. There is one aspect of the situation which should be distinguished from and not confused with the projected "collective defense" coalition in Southeast Asia. That is the possibility that Communist China might resort to open, unprovoked aggression by sending its army or air force into action outside of mainland China.

The President and the Secretary of State have stated publicly and it has also been stated privately to the Soviet Foreign Minister, that overt aggression by Communist China would have grave consequences which might not be confined to the particular area of aggression. This declaration was made by the United States in the belief that the transition from indirect aggression to direct aggression would carry with it such grave implications to the Western Pacific position of the United States and its treaty allies that there would have to be an immediate reaction.

This is a policy which stands independently of the Southeast Asia coalition. The United States hopes that if it is necessary for it to take action as indicated, it would have the support and cooperation of the Philippines, pursuant to the Mutual Defense Treaty. We would be glad to have assurances in this respect. We are seeking similar assurances from Australia and New Zealand.

5. The foregoing statement is precautionary only. There are some slight evidences that success may be going to the head of the Chinese Communists and that there may be a contemplation of direct aggression. However, the evidence is so far slight, and the United States present view is that such overt aggression is unlikely.

No. 366

796.5 MSP/6-1154: Telegram

The Chargé in the Philippines (Lacy) to the Department of State

SECRET MANILA, June 11, 1954—10 a. m.

2816. Deptel 3193.[1] Having given careful consideration proposals embodied reference telegram, Embassy military attaché and military liaison, suggest following conclusions for Department's consideration:

(1) Department suggests organization should be primarily military. Embassy agrees provided it be understood Philippines place great emphasis provision article three treaty which characterizes members council representatives Foreign Ministers.

(2) Department suggests council should meet Manila. Embassy agrees subject considerations offered elsewhere this message.

(3) Head American element in staff should be drawn from JUSMAG. Embassy considers it axiomatic Philippines will never be happy with no more than that which they already have. This perhaps place emphasize again purpose convening council was to provide window dressing convincing to Philippines which would assist Magsaysay his domestic difficulties. (Embtels 2665,[2] 2721[3])

Secretary Defense and Magsaysay agreed establish council in circumstances which have led Philippines expect council be composed high level representatives on both sides. General Cannon held in highest regard by Philippine officials from President on down but to make General Cannon as JUSMAG head American element offers Philippines nothing they do not now have. Recto and company will respond such composition with charge other countries (and they will be identified by name) have been accorded top level consideration Washington while Philippines has been put in "boy scout league". These charges will be effective. All this not to say in any case General Cannon and staff should not provide substance American element. Cannon and his people beyond peradventure proper selection that task. We are concerned in this particular only with effect on Philippine psychology and Philippine political scene.

(4) Department proposes COMNAVPHIL and 13th Air Force should participate. Embassy heartily agrees. We should bear in mind, however, COMNAVPHIL also COMNAVCOM [*COMPHILCOM*?] and may with reason consider himself *primus inter pares*.

(5) Department proposes Embassy should be represented council by DCM. Here again we suggest Philippines will never be satisfied with mere number two in US Embassy whoever he may be. If chief

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[1] Dated June 8; the points made in telegram 3193 are summarized in the numbered paragraphs of this telegram. (796.5 MSP/6-854)

[2] Document 364.

[3] In telegram 2721, June 1, the Embassy strongly urged that, in order to bolster Philippine prestige, consideration be given to including the Philippines in the five-power talks in Washington or establishing the joint U.S.-Philippine Defense Council. (790.5/6-154)

American element high ranking officer not presently part Philippine scene, DCM might do. If distinguished American not now in Philippines dispatched from Washington to head American element, Embassy number two would suffice what Filipinos expect is high level treatment analogous that accorded Australia and New Zealand.

In view forgoing, I urge Department discuss these matters with General Cannon before instructing Embassy to undertake any discussions with Philippine Government. In Embassy's opinion revelation general nature proposals embodied Deptel 3193 would be productive very unhappy results here.

I should like to emphasize yet again that Embassy fully agrees that US could not and should not establish council which involves US in greater commitments than those already made in consonance with treaty; that purpose convening council is to contribute to improvement Philippine psychological climate and correlatively to provide Magsaysay, Laurel and new coalition with effective answer to criticisms Recto and others; this in Embassy's opinion requires no more from us than provision convincing form (window dressing) without reference to substance.

(a) Let us take full advantage of presence in Washington Vargas and Cabal as well as highest level American military and political figures including Secretary, Admiral Radford,[4] to prepare initial circumstances requisite to our purposes here. Embassy suggests that suitable publicity with photographs be given to high level conversations between those identified together with Foreign Minister Garcia (who Guerrero tells me proposes to return to Philippines via US) and perhaps Cabahug, who has been appointed by Magsaysay as his representative for that purpose. Garcia's arrival US could, of course, be accelerated. Vargas' inclusion in Presidential luncheon, as reported by press, very helpful this regard.

(b) Following proper preparation in Washington designed to show that Philippines had discussed matters of moment with highest political and military figures US Government, let US appoint American of distinction preferably military, to head US element council to meet in Manila.

(c) After initial meeting in Manila, distinguished American might return to Washington for indefinite period explaining in communiqué that essential decisions had been reached and that staff work would continue with Cannon, Goodwin, Sessums on the one hand and Vargas, Cabal, et cetera on the other.

In Embassy's view such courses of action, tedious but inexpensive for US, will satisfy Philippine amour-propre and will provide Magsaysay physical evidence American willingness to validate treaty in the manner Recto denies.[5]

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[4] Chairman of the Joint Chiefs of Staff.

LACY

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[5] On June 15, the Department of State issued the following press release:

"Secretary Dulles and Carlos P. Romulo, personal representative of President Magsaysay of the Philippines, agreed on June 15 to establish a Council consisting of the Secretary of State or his deputy to provide facilities for discussions of matters of mutual concern arising under the United States-Philippine Mutual Defense Treaty. Each member of the Council will be assisted by military representatives. Either party may request meetings whenever there is a need for consultation. The time and place of such meetings will be determined by mutual agreement.

"Lt. Gen. Jesus Vargas, Philippine Armed Forces Chief of Staff, who is presently in Washington conferring with representatives of the U.S. Department of Defense, participated in the discussions held on June 15 between Ambassador Romulo and the Secretary of State." (Department of State *Bulletin*, June 28, 1954, p. 973)

No. 367

796.5 MSP/6-2254: Telegram

The Chargé in the Philippines (Lacy) to the Department of State

CONFIDENTIAL MANILA, June 22, 1954—11 a. m.

2912. As was to be expected, President Magsaysay through Neri[1] is already approaching me re immediate setting up MD treaty consultative council—groping for guidance as to proper form and supporting documentary references for Philippine move to initiate process.

By way both of encouraging Malacanang to more self-dependence and of keeping project on simple, overall basis for present stage, I feel inclined respond to President's approach by avoiding detailed guidance and merely giving my general thoughts on following pattern:

Initial Philippines move could appropriately take form of brief note, delivered here or in Washington which would: cite recent Magsaysay-Wilson and Dulles-Romulo agreements (as phrased in respective press releases) calling for council to further implementation MDT with special regard for recent developments in Far East; state that Philippine Government has appointed so and so to represent secretary of foreign affairs on council and attend initial meeting; request that US Government name its representative; and propose place and date for initial meeting if agreeable to US Government. With view to reaching prior understanding on scope initial meeting and type personnel appropriate therefore, Philippine Government might also wish briefly to state its concept of the overall problems that initial meeting should primarily analyze as basis for broad directives for staff work to follow. As to its panel personnel, Philippine Government might wish to name them tentatively or merely to suggest number and type it would consider required for proposed scope of meeting.

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[1] Felino Neri, President Magsaysay's personal adviser on foreign policy.

Knowing propensity for confusion inherent in Philippine foreign affairs channels, believe it particularly essential however, to clear with Department before responding to President's request for advice. Feel it most desirable to give him impression we are making things as easy as possible for him, and, while appreciating that Department may have reasons for avoiding haste. I know it unnecessary to describe what unfortunate reactions could be produced here by any sign that hostile elements could seize on as evidence that US Government was dragging its feet in meeting Philippine desires.[2]

LACY

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[2] The Department replied on June 23:

"Your 2912. Arrangements re Philippine-United States Council do not contemplate establishment any permanent body with formal structure and staff to meet continuously. There is no such continuous formal staff pattern under ANZUS. Council and or military representatives will meet only when requested by either party. Secretary hopes most meetings council can be held in Washington. CINCPAC probable United States military representative and military meetings could be held Pearl Harbor or Manila. If Garcia visits United States on return Philippines, his discussion with Secretary could be considered first meeting Council. Department informing Romulo substance above and you may inform Neri or Magsaysay. Romulo will be told Secretary will be glad to see Garcia this basis if Garcia comes here. Text exchange of notes follows in unclassified telegram." (Telegram 3374 to Manila; 796.5 MSP/6-2254)

The text of the note was forwarded in telegram 3378 to Manila, June 23. A brief press release on the exchange of notes formalizing the establishment of the Council and the notes themselves are printed in Department of State *Bulletin*, July 5, 1954, p. 14.

No. 368

796.5 MSP/6-3054

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Deputy Under Secretary of State (Murphy)

SECRET WASHINGTON, June 30, 1954.

Subject: Military talks held by Philippine Chief of Staff, Lieutenant General Jesus Vargas with Department of Defense representatives on June 16 and 17, 1954.

Discussion:

The Philippine Chief of Staff, Lieutenant General Jesus Vargas discussed mutual defense matters with representatives of the Department of Defense on June 16 and 17, 1954. In essence, General Vargas proposed that the Philippine Army be increased to four infantry divisions, nine regiments of security forces and one anti-aircraft brigade (present strength is twenty-six combat teams); that the Philippine Navy be strengthened by the addition of one anti-submarine warfare squadron, one mine warfare squadron, one submarine squadron, and one marine battalion; that the Philippine Air Force be modernized to eventually reach the strength of five intercepter wings (jet powered), two groups aircraft warning and control systems, one training wing, and one composite wing with corresponding service units. This is a long-range program. General Vargas' immediate aims were to obtain the following assistance:

1. Modernization of present intercepter wing plus necessary aircraft warning groups.
2. Augmentation of Philippine Navy by six destroyers and necessary logistic support.
3. Provision of logistic foundation (training areas, maintenance bases, recruitment facilities) for a four division army.

General Vargas stated that his long-range proposals represented tentative levels contingent on U.S. military assistance and on the strength of U.S. forces permanently stationed in the Philippines. Representatives of the Department of Defense told General Vargas that the Philippine requirements would be given due consideration. The Defense Representatives also noted that while the proposal to add destroyers to the Philippine Navy will be given full consideration, it has been necessary to decline numerous requests for destroyer type vessels from other nations due to a shortage for mobilization day requirements.

The Department of Defense Representatives who held these discussions with General Vargas, believe that Vargas may ask for another meeting of the military representatives in about a month. An officer of this bureau has told Admiral Smedberg[1] that the Department believes it highly desirable for political reasons, to be able to give General Vargas a definite affirmative answer with respect to those of his proposals which it is feasible to carry out.

There are attached copies of a memorandum from the Department of Defense representative in the discussion with General Vargas to the Secretary of Defense (Tab A); and a memorandum from the same representative to the Officer in Charge Philippine

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[1] Rear Adm. William R. Smedberg, III, Director of the Politico-Military Policy Division, Office of the Deputy Chief of Naval Operations for Policy and Plans.

Affairs, Department of State which sets forth in more detail General Vargas' specific proposals (Tab B).[2]

Recommendations:

None.

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[2] Neither printed.

No. 369

796.5 MSP/6-3054: Telegram

The Chargé in the Philippines (Lacy) to the Department of State

CONFIDENTIAL MANILA, June 30, 1954—noon.

2977. Discussed arrangements Philippine-US Council at length June 29 with Magsaysay and Neri giving them substance Department telegrams 3374,[1] 3435.[2] Both declared they understood necessary similarity these arrangements and ANZUS arrangements. President stated categorically he would include no members Congress in "Philippine panel." President repeated Neri's earlier query as to whether Honolulu would be satisfactory locus for first meeting. I replied I had not received instructions this point but considered my government would not be unresponsive such proposal.

It apparent from further conversation President does not wish Garcia discuss these matters Washington nor does he wish Garcia be senior Philippine representative at first or subsequent meetings. I asked President whom he had in mind as deputy to Secretary to act as senior Philippine representative. President replied he wished Neri to do this job and hoped US would find that agreeable. I replied American officials held Neri highest esteem.

President has not yet discussed these matters with Vargas who presumably will take similar line (Department telegram 3435).

In my opinion, based on oblique remarks Neri during and after conversation with President, Garcia will be asked to return directly

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[1] See footnote 2, Document 367.

[2] Dated June 28, it reads as follows:

"Our 3374. Your 2962 [not printed]. You should explain to Neri soonest nature United States-Philippine Council as set forth our 3374 with request he inform congressional leaders, emphasizing similarity ANZUS arrangement. There will be no 'Members Defense Council' except for Secretary or his Deputy and Philippine Secretary or his Deputy. Nature United States-Philippine Council explained by Department Officers to Romulo and Vargas both of whom understand and approve arrangements. We have unconfirmed report Garcia will arrive New York July 4 Washington July 8. Nature Philippine-United States Council will be explained to him." (796.5 MSP/6-2854)

Philippines from Spain. Will confirm this soon as I can make requisite inquiries discreetly.

LACY

No. 370

796.5 MSP/6-2054: Telegram

The Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, July 1, 1954—7:02 p. m.

16. Your 2977.[1] Dept not cognizant any urgent matters that require meeting Phil-US Council but appreciates political importance Phil Govt attaches to first meeting. We have assumed Phil desire establish Council motivated in large part by necessity satisfying objections ultra-Nationalists to Philippine participating United Action. If this view correct it would appear maximum political impact would be obtained by Garcia meeting with Secretary, who, because of heavy schedule, will not be able attend any meeting outside U.S. as suggested by Magsaysay. Philippine Embassy has been notified Garcia plans arrive New York July 4 and Washington July 8.

Vargas has handed Defense Philippine Government proposals, summary being pouched. We believe substantive matters relating mutual defense including Vargas' proposals can now best be handled by military representatives possibly at Honolulu. Philippine domestic political requirements would be satisfied by talks during Garcia's visit here. Inasmuch as only Philippine proposals we have received deal with matters of strictly military nature, we believe no useful purpose could be served by meeting of deputies.[2]

DULLES

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[1] *Supra.*

[2] On July 2, the Department expressed the belief that the forthcoming meeting of Dulles and Garcia should constitute the first session of the Council and requested the Embassy's views on this suggestion. (Telegram 37 to Manila; 796.5 MSP/7-254)

Subsequently, Lacy reported to the Department that the President did not wish Garcia to represent the Philippines at the first Council meeting, although he did not want Garcia informed of his disapproval. Magsaysay desired that the first meeting be held in Manila, with military representatives present and Felino Neri in charge of the Philippine Delegation. (Telegram 32, July 5; 796.5 MSP/7-554)

No. 371

796.5 MSP/8–1054

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State

SECRET WASHINGTON, August 10, 1954.

Subject: Philippine request for meeting of U.S.-Philippine Council

Discussion:

Representatives of the Philippine Government, including President Magsaysay, have made repeated verbal requests to our Embassy in Manila during the past several weeks for a meeting of the Philippine-U.S. Council. On instructions from the Department the Embassy has unsuccessfully sought to convince the Filipinos that no meeting should be held at this time. On July 26 the Philippine Chargé d'Affaires ad interim handed Mr. Drumright a note opposing postponement of a meeting of the Council and stated that the Philippine Government desires "earliest possible implementation of the Mutual Defense Treaty through the convocation of the continuing Council". (Tab A)[1] Magsaysay has stated publicly that he favors Philippine participation in a Southeast Asian Defense Alliance subject to implementation of the U.S.-Philippine Mutual Defense Treaty. The Philippine Chargé on August 6 handed Mr. Drumright a note (Tab B)[1] again "strongly pressing" for a meeting of the Philippine-U.S. Council at the earliest possible opportunity. Today the Philippine Embassy has handed us a note requesting that a meeting of the Council on a Foreign Minister level be held in Manila a few days before the proposed SEA Conference. The note cites as reasons for a meeting of foreign ministers and not their deputies the precedent set by the ANZUS Council and the importance of policy questions to be discussed. The Philippine Government will shortly present a proposed agenda for the meeting. (Tab C)[1]

Leaders of the Magsaysay administration have publicly and privately asserted the need for "iron clad" guarantees under the Mutual Defense Agreement before definite commitment to a Southeast Asian pact. Before committing themselves to a regional agreement, the Philippines, recognizing the urgency of collective action, want assurances of what the Philippines can expect from the United States under the Defense Treaty and how the Defense Treaty will fit into a Regional Agreement.

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[1] Not printed.

Recommendation:

That we inform the Philippine Government of your acceptance of their proposal for a meeting of the Philippine-U.S. Council in Manila a few days before the SEA Conference provided the SEA Conference is held in the Philippines.[2]

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[2] On Aug. 13, the Department sent the following message to Manila:

"Simultaneously with Southeast Asian Conference announcement 9:00 a.m. EDT August 14 Department will issue following press release:

" 'The United States and the Philippines have agreed to a meeting of the Philippines-U.S. Council, which was established on June 23 by an exchange of notes between the two Governments. Secretary of State John Foster Dulles will accordingly meet with Philippine Vice President and concurrently Secretary of Foreign Affairs Carlos Garcia in the Philippines on September 4. Matters of mutual concern with respect to the defense of the Philippines will be discussed.' " (Telegram 559; 796.5 MSP/8-1354)

No. 372

S/P-NSC files, lot 61 D 167, NSC 5413 Series

Memorandum by the Executive Officer of the Operations Coordinating Board (Staats) to the Executive Secretary of the National Security Council (Lay)[1]

SECRET WASHINGTON, August 12, 1954.

Subject: Progress Report on NSC 5413/1 (Philippines)[2]

Reference: NSC Action No. 1084[3]

On April 1, 1954 the President approved NSC 5413/1, "United States Policy Toward the Philippines," and designated the Operations Coordinating Board as the coordinating agency.

Attached hereto is the first Progress Report on the implementation of NSC 5413/1 covering the period through June 30, 1954. The Report was approved by the Operations Coordinating Board on August 11, 1954.

ELMER B. STAATS

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[1] The Operations Coordinating Board was established on Sept. 2, 1953, to provide for the integrated implementation of national security policies by the agencies represented; it reported to the National Security Council. Its membership consisted of the Under Secretary of State, the Deputy Secretary of Defense, the Director of the Foreign Operations Administration, the Director of Central Intelligence, a representative of the President, and, as needed, representatives of other agencies. It was advised by the Director of the U.S. Information Agency.

[2] Document 359.

[3] See footnote 2, *ibid.*

[Attachment]

SECRET [WASHINGTON,] August 11, 1954.

PROGRESS REPORT ON NSC 5413/1, UNITED STATES POLICY TOWARD THE PHILIPPINES

(Policy approved by the President April 1, 1954)

A. SUMMARY OF MAJOR ACTIONS

Limited progress has been made in implementing the courses of action set forth in NSC 5413/1, as follows (paragraph references are to Annex "A" attached)[4]

1. Agreement to establish a U.S.-Philippines Council with subordinate military representatives, similar to ANZUS, which will consult with a view to implementing the U.S.-Philippine Mutual Defense Treaty. (Paragraph 32)

2. Congress has passed and the President has signed an act to defer the imposition of the tariff provisions of the Trade Agreement for eighteen months. A United States negotiating team on revision of the Trade Agreement has been selected. (Paragraph 28)

3. An officer of the Philippine Armed Forces, accredited to the Chief of Staff of the Vietnam Armed Forces, is in Vietnam. This could constitute a step toward eventual recognition of the Associated States. (Paragraph 18b)

4. U.S. representatives have informally and privately consulted with representatives of both the Japanese and Philippine governments with a view to aiding them in reaching a solution of the reparations problem. (Paragraph 18c)

5. Preliminary discussions with respect to military bases have been initiated but are now in abeyance pending the return of the Philippine Secretary of Foreign Affairs from Geneva and Ambassador Spruance's return to Manila in August. (Paragraph 31)

6. USIA continued to provide information to selected recipients and audiences through press and publications, films, radio, and loans or gifts of books, emphasizing themes designed to expose the evils and dangers of communism and to promote good citizenship and economic improvement. (Paragraph 22)

7. FOA has: (Paragraphs 25–27)

a. Continued aid in the form of technical assistance, essential equipment and supplies for important Philippine Government sponsored projects.

b. Strengthened Philippine Government activities directed toward improvement of rural conditions, land tenure, agricultural production, utilization of mineral and other natural resources, land development, transportation and important public services, including agricultural extension, rural health and sanitation, vocational education and tax and financial administration.

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[4] Annex A is not printed.

c. Continued to improve program and project planning.

d. Cooperated in obtaining appropriation of funds by the Philippine Congress for FY 1955 to continue and increase support for the program.

e. Assisted and encouraged the Philippine National Economic Council to move ahead with the preparation of a five-year program for economic development.

8. Under the guidance of JUSMAGPHIL the Philippine Army has developed into an effective fighting force which has been able to reduce the activities of the once powerful Hukbalahap (Huk) force and restore law and order to the country. A reorganization of the Philippine Army from 26 battalion combat teams (BCT's) into four reduced strength divisions is currently under consideration. The purpose of this reorganization is to increase combat effectiveness, establish a basis for the rapid expansion of forces and to provide training for Philippine personnel in the functions of command and staff at division level. (Paragraph 30)

B. POLICY CONSIDERATIONS

The courses of action set forth in NSC 5413/1 are appropriate to the current situation. In the light of operating experience, no changes are recommended at this time in courses of action or objectives. Developments in the Associated States of Indo-China may require review of the course of action set forth in Paragraph 18b in the near future.

C. EMERGING PROBLEMS

1. The election of Magsaysay has not resulted in an area of wide agreement or mutual good feeling as had been anticipated by some observers. Intensification of ultra-nationalism, particularly on the part of Congressional leaders in the Nacionalista Party, has in some instances been characterized by an attempt to discredit Magsaysay on the basis that he enjoys much too close an official relationship with some representatives of the American Government. Magsaysay himself has lent credence to these charges by seeking aid and advice from American officials which he properly should obtain from leaders within his administration. It is essential to continue to avoid actions which would tend to substantiate charges of improper interference or influence.

2. Due in part to the Philippine reaction to the Attorney General's opinion that we continue to have whatever title we had on July 4, 1946, to our bases in the Philippines, no progress has been made

toward resolving outstanding problems with respect to the bases. Proposed negotiations have been in abeyance. When Ambassador Spruance returns to the Philippines in August, it is hoped that the atmosphere will be conducive to reopening these consultations.

3. Negotiations, looking to the revision of the U.S.-Philippine Trade Agreement, are expected to begin in August in Washington. It is unlikely that we will be able to offer changes that will prove wholly satisfactory to the Philippines. It is probable that the signing of a new agreement will result in further attacks on the United States by the ultra-Nationalists.

Failure to reach agreement on a reparations settlement with Japan hinders the normal development of Philippine-Japanese political and commercial relations. The popular opposition to acceptance of the Japanese offer of four hundred million dollars ($400,000,000) is in part emotional; the more impetuous Nacionalista leaders have created a climate of opinion in which it has become exceedingly difficult to reach an agreement on a figure which the Japanese economy can bear. The U.S. has not openly played a part in attempting to reach an agreement but representatives of our Embassy have been instructed to continue to take advantage of opportunities to help, through the exercise of good offices, in the achievement of a solution to this problem.[5]

5. Following establishment of a Philippine-United States Council the Philippine Government proposed that the United States arm, equip and support sufficient troops to raise the Philippine Army to four full divisions. They have also indicated a desire to obtain jet powered aircraft and additional naval vessels, particularly destroyers.

6. The principal emerging problem with respect to the economic development program is to obtain sufficient local currency support in FY 1956 and thereafter to assure satisfactory progress under the NEC's development program including FOA-assisted technical and development projects. The level of investment envisioned might preclude adequate progress in the improvement of economic and social conditions.

7. In the months ahead all U.S. agencies should urge the Philippine Government to: (a) improve planning of the NEC program, particularly with regard to financing investment, and (b) take the steps necessary to finance the program while maintaining adequate internal financial stability.

8. The Mutual Security authorizing bill passed by the House provides that during FY 1955 part of FOA assistance will be provided

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[5] Documentation on the question of Japanese reparations to the Philippines is in file 294.9641.

on a loan basis. No decision has yet been reached whether any part of the assistance to the Philippines will be on a loan basis. If assistance is provided as a loan two problems will be encountered. First, counterpart will not be deposited against the loan component of the program and, hence, will not be available as a means of financing the local currency costs of technical cooperation and development projects. Alternative sources of peso financing will have to be found for these projects. Second, loan repayment will reduce the resources which the Philippines will be able to devote to carrying out the NEC development problem. Both of these problems and the effect they will have on the attainment of U.S. policy objectives as set forth in NSC 5413/1 should be considered before a final determination is made to provide funds on a loan basis.

No. 373

711.56396/8–1754: Telegram

The Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, August 17, 1954—7:21 p. m.

607. From Robertson to Ambassador. Department giving consideration advisability Secretary raising bases question at Philippine-U.S. Council meeting emphasizing settlement these problems should be first step Philippine contribution to mutual defense. We recognize possibility any publicity revival this question especially title issue might create unfortunate atmosphere for following Southeast Asia conference and furnish ammunition ultra-nationalists and Communists. Proposal raise the question has not yet been discussed with Defense as we wish first obtain your views possible political repercussions and desirability raising question this time. Do you believe it feasible discuss bases in context mutual aid without raising title issue but rather stressing need for expanding and strengthening existing bases and devoting proceeds unused defense assets this objective.[1]

DULLES

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[1] Ambassador Spruance replied on Aug. 18:

"For [Assistant] Secretary Robertson. Reference your 607. I think it would not be desirable to bring up title to bases question at Philippines-US Council meeting. It would be helpful if Secretary in private conversation with Magsaysay could bring up matter and emphasize desirability of pushing things to a settlement. I get feeling that latter tends to push unpleasant things under the rug where they will be out of sight." (Telegram 505; 711.56396/8–1854)

No. 374

796.5 MSP/9-354: Telegram

The Acting Secretary of State to the Embassy in the Philippines

SECRET WASHINGTON, September 3, 1954—7:43 p. m.

883. Department and Defense considering Philippines request purchase reimbursable basis 400 pounds napalm thickener. Before approving Department wishes know (1) whether State-Defense agreement use napalm contained Army telegram to JUSMAGPHIL DA 90243 December 21 [*18*], 1951[1] still believed effective and necessary and (2) whether Embassy and JUSMAG perceive objection filling present request.[2]

SMITH

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[1] For text, see *Foreign Relations*, 1951, vol. VI, Part 2, p. 1593.

[2] The Embassy in Manila sent the following reply on Sept. 29:

"Department 883, Napalm.

"(1) Embassy and JUSMAG believe cited agreement use napalm effective and necessary.

"(2) Both Embassy and JUSMAG foresee complications from control standpoint if napalm purchased on reimbursable basis.

"According Embassy files existing agreement applicable napalm furnished non-reimbursable basis. JUSMAG desires retain control use napalm in accordance with existing agreement." (Telegram 970; 796.5 MSP/9-2954)

A notation on the file copy of telegram 970 by James Bell, Officer in Charge of Philippine Affairs, reads: "S/MSA to refuse Phil request".

No. 375

S/S files, lot 60 D 627, box 349

United States Notes on the Meeting of the United States-Philippine Council, Held at Malacanang Palace, Manila, September 4, 1954[1]

CONFIDENTIAL

American Representatives:
  Secretary of State Dulles
  Ambassador Spruance
  Ambassador Sebald[2]
  Senator Smith[3]

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[1] The notes give no indication of authorship, but the brief covering despatch which transmitted them to the Department as Enclosure 1 was drafted by Ely. (Despatch 245 from Manila, Sept. 21; 796.5 MSP/9-2154).

[2] William J. Sebald, Ambassador in Burma, became Deputy Assistant Secretary of State for Far Eastern Affairs on Nov. 1, 1954.

[3] Senator H. Alexander Smith of New Jersey, Chairman of the Subcommittee on the Far East of the Senate Foreign Relations Committee.

Admiral Stump
Major Gen. Cannon
Rear Admiral Goodwin
Mr. Lacy
Brig. Gen. Lee, USAF
Mr. Bell
Mr. Suydam[4]
Mr. Ely[5]

Philippine Representatives:
Vice President Garcia
Secretary of Defense Cabahug
Lt. Gen. Vargas
Minister Neri
Senator Pelaez
Brig. Gen. Balao
Brig. Gen. Cruz
Brig. Gen. Arellano
Commodore Francisco
Capt. Pargas

The Council formally convened after a large group of photographers had completed their assignments.

Vice President Garcia, speaking without notes, made a very brief opening statement stating that what he was about to present to the American delegation was not new but had previously been presented to American officials in Washington by General Vargas. He concluded by presenting the document marked as Enclosure 2.[6] Secretary Dulles then made his opening statement attached (Enclosure 3)[7] and suggested a half hour adjournment in order to permit the American group to examine the Garcia document.

The session reconvened at 11:35 (other matters requiring the Secretary's attention had come up which caused a slight delay). Secretary Dulles stated that the United States delegation had examined the document submitted by Secretary Garcia. He prefaced his comments on the substantive points, however, by explaining in considerable detail why it was not practicable for him at this time to make an executive agreement of the character envisioned by the Philippine delegation. He explained customary United States procedures in such negotiations and pointed out that there were certain points mentioned in the document which he believed we would be able to state we could favorably consider, other things which we would have to say we could not do and certain items in a middle ground where he could not take any firm position for the reason that he could not commit the Department of Defense. He explained at considerable length the problems arising out of allocations of funds under the Mutual Security Act and the difficulties faced by the Defense Department in distributing those funds in areas of danger among the free nations all of which were making requests similar to the Philippine Government. The Defense Department was therefore compelled to consider the total world situation before it could make specific commitments to particular countries.

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[4] Henry Suydam, Chief of the News Division, Department of State.

[5] Richard R. Ely, Attaché at the Embassy in Manila.

[6] Not printed. The document was a draft Philippine proposal for an executive agreement on implementation of the U.S.-Philippine Mutual Defense Treaty. It called for U.S. aid to the Philippine Army, Navy, and Air Force, both in hardware and soft goods, economic and financial aid, assistance to civil defense, dollar grants to enlarge Philippine industrial facilities, and placing of off-shore procurement orders in the Philippines, among other things.

[7] Not printed. In it, Dulles stated that the United States would honor its treaty commitments by acting automatically and immediately in the event of aggression against the Philippines.

Commenting on the substantive points which he noted were similar to points raised by General Vargas previously in Washington, the Secretary stated that he was in a position, however, to make some general statements as to the United States position and views. He stated that the United States was prepared to assist in the establishment of two full divisions and two training divisions of the Philippine Islands but was not prepared to make a comparative commitment on the naval and air arms of the Philippine armed forces. He pointed out that the United States had large naval and air forces in the area and wished to avoid the expense of duplicating these forces, but that we considered the building up of land forces most urgent and of a higher priority than the air and naval arms. He stated categorically that the United States was prepared to bear the cost of supplying the "hard goods" for these four divisions but at the present time he was not in a position to make any commitments as to "soft goods" although he said that the question of the supply of "soft goods" insofar as the Philippine foreign exchange position was concerned was being sympathetically considered by State and FOA.

Commenting on what we would do in the event of war, the Secretary remarked that he was not in a position to discuss specific details of this nature which was the responsibility of military representatives but he referred to his comments on our general responsibility toward the Philippines in his opening statement.

On the questions raised by the Philippine document as to offshore procurement, he pointed out that these could be dealt with only on a specific basis but that there was no objection on the part of the United States but even a desire to build up procurement of military supplies in offshore areas.

Commenting on industrial build-up, he made remarks of a similar tenor.

The Secretary spoke at some length on the interest to the Philippine Government in setting up consultative machinery, his general position being that he felt that there were already adequate facilities for consultation and that the United States did not desire to build up "machinery for the sake of having machinery" or to set up committees which would find themselves with nothing to do. He referred to the type of consultation which occurred when Secretary Wilson recently visited Manila and its fruitful results.

Secretary Garcia asked specifically what the United States could approve in the program and Secretary Dulles replied that he could go no farther in the way of firm commitments than that embodied in the promise of support for the four divisions, but this did not mean that everything else was excluded, and he suggested that a communiqué be issued in the afternoon which would cover the area on which agreement was reached and the areas which would be kept under study.

Admiral Stump, in commenting on the question of liaison, referred to the record of frank and honest conferences between the military services of the two countries and that he was prepared to come to see General Vargas or have General Vargas come to Honolulu for consultation at any time and he indicated he thought present procedures adequate for liaison problems. He added that it was the position of the Department of Defense that the Philippine Government should bear the cost of the armed forces other than the expense of the hard goods.

Secretary Garcia, in commenting on the request for assistance, also dwelt at considerable length on the Philippine desire for a build-up of its naval and air arms. It was quite apparent that Secretary Garcia was interested in these matters with a view to having something which would be visible to the general public. Secretary of Defense Cabahug made no statements whatever during the entire meeting.

General Vargas spoke with great earnestness on his interest in the development of the air and naval arms and on the need of convincing the Philippine people that the Philippine Government had something of its own. He dwelt on the effect of morale in the Philippine armed forces and emphasized that the Philippine economy could not support even the supply of soft goods for the armoured divisions, remarking that if the Philippine Government could not get air and navy support, they might not see the necessity of increasing the ground forces. The Secretary, in reply to General Vargas, said that he was entirely sympathetic to his point of view but that the enemy operated on internal lines and if the free nations attempted to maintain sufficient strength at all points of possible attack there was simply not enough strength to go around.

Following General Vargas' remarks, the Secretary pointed out that the suggested Philippine program looked forward several years and that the United States could not as a practical matter commit itself except on an annual basis, but that the Filipinos need not conclude that there was no possibility of a build-up in their strength. He emphasized that the United States feeling was that the major effort should be in terms of a build-up of a land force for this year, and for the time being at least, primary dependence in the area should be placed on United States sea and air forces.

In commenting on General Vargas' statement that the Philippine economy could not stand the cost of maintaining ground forces, the Secretary remarked that a similar problem existed in the United States and pointed out that during the coming Congressional campaign the Administration could expect to be criticized for not being able to balance the budget and that all of this involves sacrifices which would have to be borne as long as the danger existed but that the United States was making sacrifices and was giving increased priority to the Philippines in our scheme of things.

Secretary Neri spoke briefly stating he was impressed by the United States appraisal of the situation and could find no cause to differ on any basic matter but he wanted to speak frankly on these matters in the light of the coming SEATO Conference.[8] He thought a build-up of the Philippine armed forces would be an important consideration in that Conference because the Philippines had been held up in Asia as a model in handling the Communist problem and he made an appeal for support of their proposals for the effect it would have on President Magsaysay. Secretary Garcia, just before adjournment, made an effort to get the Secretary to spell out specifically what he could approve, what he could not approve, and what would be given sympathetic consideration, but the Secretary reiterated that he could not commit himself more than he had done, reminding the Philippine Delegation that he could not speak for the Department of Defense.

Just before the close of the meeting Secretary Garcia again made a strong plea for concessions, particularly on strengthening the air force, basing his arguments largely on morale factors and remarking that the Filipinos feared that in the event of war United States air strength might be diverted to some other area. The Secretary suggested that the technical staff should get together for further discussions but General Vargas took the position that in view of announced decisions no further staff work could produce anything and decisions were now required. Secretary Dulles disagreed with this position but the conference adjourned at 12:50 with the understanding that during the luncheon period a communiqué would be prepared.

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[8] For documentation on the SEATO Conference, held September 6-8 at Manila, see Part 1, pp. 835 ff.

Afternoon session

The Conference was originally scheduled to reconvene at 3:00 p.m. but Secretary Garcia sent word that the Philippine delegation would not be ready to meet until 3:30. About 3:45 President Magsaysay, accompanied only by General Romulo, came to the American delegation room and said the Philippine group was very unhappy over failure to mention the supply of soft goods in the draft of the joint communiqué which had been prepared by the American staff following the adjournment in the morning.[9] He mentioned also the omission of any promise or implication that the United States would assist in strengthening the Philippine naval and air forces. President Magsaysay was anxious to have something inserted in the communiqué which would offer some encouragement at least to the Philippines on these two points. Secretary Dulles explained again, as he had explained to Secretary Garcia in the morning session, the difficulties of accommodating the Filipinos in this respect. Certain minor changes, however, were inserted in the communiqué which were apparently acceptable to President Magsaysay and he then took the revised draft back to his delegation. He brought the paper back a few minutes later, this time accompanied by Romulo and Neri and one or two minor modifications were again made and the paper taken back to the Philippine caucus room. However, it was not until 5:20 that the Council was reconvened to approve formally the communiqué finally released (Enclosure 4). Before that time Secretary Dulles had to leave the building on other business and Ambassador Sebald, in his absence, agreed verbally with Secretary Garcia that the communiqué as finally drafted was satisfactory to both sides. After an exchange of the usual amenities the meeting finally adjourned at 5:25.

It was significant that neither Garcia nor any of the Philippine military personnel appeared on the scene after the adjournment of the morning session. It seems quite clear that President Magsaysay took the matter into his own hands and decided that it was the part of wisdom for the Philippine Government to accept without further quibbling what the United States Government was prepared to offer.

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[9] Not printed.

Enclosure No. 4

Text of the joint communiqué issued September 4 at the close of the U.S.-Philippine talks on the mutual defense treaty.

A meeting of the United States-Philippine Council, established on June 23, 1954, between the two Governments pursuant to the provisions of the Mutual Defense Treaty of August 30, 1951, was held at Malacanang today (Saturday, Sept. 4).

Vice President and Secretary of Foreign Affairs Carlos P. Garcia, and Secretary of State John Foster Dulles exchanged views on the threat to the free countries of Asia, with special emphasis on defense of the Philippines.

They agreed that in view of the developments in Southeast Asia the defense of the Philippines requires that the Armed Forces of the Philippines be strengthened through cooperative efforts. This is to be accomplished primarily through a balanced strengthening, reorganization, and modernization of the Ground Forces of the Philippines and is to be undertaken with U.S. assistance. Secretary Dulles stated that further consideration was being given by the Department of Defense to the proposal to develop the Philippine Navy and Airforce.

The Philippine government presented specific proposals for the strengthening of its armed forces for external defense, including a plan to reorganize its army on a four-division force basis. The United States concurred in the necessity for achieving this objective. Secretary Dulles stated that the United States would furnish the major portion of the military matérial requirements for such an expansion of the army and would search for means to assist the Philippines toward meeting the foreign exchange and other burdens occasioned thereby.

The necessity for adequate civil defense was also indicated by the Philippine government and was fully recognized and appreciated by both parties. Secretary Dulles said that the United States would cooperate through existing facilities to aid in the establishment of a civil defense organization.

In response to a Philippine request that the United States place offshore procurement orders in the Philippines, Secretary Dulles said that the appropriate agencies of the United States Government would be willing to consider specific requests for the placement of procurement orders for such goods and services as can be economically obtained in the Philippines.

In the course of the Council meeting, Secretary Dulles reiterated the intention of the United States, in coordination with the government and Armed Forces of the Philippines, to ensure the defense of the Philippines against aggression. The sense of Secretary Dulles' remarks to this effect is to be incorporated in a note to the Government of the Philippines.[10] In this connection, Secretary Dulles said, "I wish to state in the most emphatic terms that the United States will honor fully its commitments under the Mutual Defense Treaty. If the Philippines were attacked, the United States would act immediately." Agreement was reached on measures to effect close coordination in U.S. and Philippine efforts.

These agreements demonstrate the close relations between the United States and the Philippines, the firmness and unity of purpose, and the close coordination and harmony which is being achieved through the Philippine-United States Council of Foreign Ministers. Further coordinating and implementing details will be effected between the respective military representatives and the subordinate commanders.

CARLOS P. GARCIA
W. J. SEBALD

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[10] The note was forwarded under date of Sept. 7. (Enclosure 5 to despatch 245 from Manila)

No. 376

411.9631/10-2854

Memorandum by Leonard S. Tyson of the Office of Philippine and Southeast Asian Affairs to the Acting Director of That Office (Young)

CONFIDENTIAL WASHINGTON, October 28, 1954.

Subject: Philippine Trade Agreement Negotiations and Laurel's talk with the President on November 3[1]

Background:

In the attached memorandum from Mr. Langley to Assistant Secretary Robertson,[2] Mr. Langley notes that the principal point at issue at the present time in the negotiations is the Philippine insistence upon revision of the provisions calling for the imposition of U.S. tariffs on Philippine exports to the United States. The essence of the Philippine position, Mr. Langley believes, is that they wish the tariff provisions revised so as to provide an indirect subsidy. In plain terms the Philippine Delegation wants dollar aid.

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[1] The U.S.-Philippine Trade Agreement Negotiations had formally opened on Sept. 20; for text of the opening remarks by Assistant Secretary of State Robertson and Senator Laurel, head of the Philippine Delegation, see Department of State *Bulletin*, Oct. 11, 1954, p. 542.

[2] See attachment 1, below.

Mr. Langley recommends that "there may be a need for some 'grand gesture' " and suggests that when Senator Laurel calls on President Eisenhower, publicity might be given to a promise of additional United States financial aid.

Mr. Baldwin in commenting to Mr. Robertson on Mr. Langley's memorandum (see attached memorandum from Mr. Baldwin to Mr. Robertson)[3] notes that it would be politically undesirable to interrelate U.S. economic aid with changes in the Trade Agreement. He points out that anti-American elements might argue that the United States is attempting to buy a trade agreement which would prove otherwise unacceptable to the Philippines. As an alternative, Mr. Baldwin suggests that the United States might grant the Philippines an extended period of duty-free access to the American market to be followed by a period of gradually increasing tariffs. At the same the Philippines would be allowed to impose promptly heavier duties than the present agreement provides upon American imports into the Philippines.

Discussion:

PSA should, I believe, fully concur in Mr. Baldwin's position that there should be no economic aid *quid pro quo* in exchange for Philippine concessions on the Trade Agreement. The United States legislation (War Damage Act of 1946) granting war damage payments to the Philippines sharply limited payments to private Philippine citizens until the Philippines had approved the Philippine Trade Agreement. This interrelation of U.S. financial aid with the Trade Agreement of 1946 has been a consistent political liability. The Philippines have argued repeatedly that the Trade Agreement was forced upon them in order to qualify for the war damage payments. This mistake should not be repeated.

Mr. Baldwin's suggestion that the Philippines be granted an additional period of duty-free entry into the U.S. market is in close accord with a recent suggestion made by PSA/E to Mr. Braddock of the U.S. Delegation.[4] Under this proposal the Philippines would be accorded 5 more years of duty-free entry in return for which the United States would impose full duties on Philippine products 5 years earlier than is now provided for in the existing agreement (1969 rather than 1974). This might be justified to the Congress as sort of a "loan" of 5 years to the Philippines, justifiable on the grounds that it took the Philippines 5 years longer than was anticipated originally to restore its war devastated economy. This proposal is now being considered by the United States Delegation.

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[3] See attachment 2, below.

[4] Daniel M. Braddock was Deputy Chairman of the U.S. Delegation to the trade agreement negotiations. Tyson was in PSA/E.

The fact that there should be no interrelationship between U.S. economic aid and provisions in the Trade Agreement does not necessarily, however, mean rejection of Mr. Langley's proposal that some sort of publicity regarding U.S. economic aid might be issued at the time of the Laurel/Eisenhower talks. If in Mr. Langley's judgement the issuance of some such statement would considerably facilitate the negotiations, it is suggested that the Department might prepare a press release to be issued on that occasion along the following lines:

> Senator Laurel and President Eisenhower discussed the economic and political relations between the United States and the Philippines. Senator Laurel explained the great desire and need of the Philippine Government to pursue its program for economic development. President Eisenhower reiterated the intention of the United States to continue to extend economic aid to the Philippines for this purpose. In this connection the President stated that the United States Government was considering a proposal to increase its economic aid program next year to the Philippines by extending long-term loans to further the industrialization and other aspects of the economic development program of the Philippines.

The last mentioned point regarding long-term loans for industrialization has been recommended by our mission in Manila (Tousfo 420)[5] and has been tentatively approved by FOA/Washington and the Department. Since we plan to go ahead with this program now, it might seem wise to gain some political advantage by having it announced at the time of the Laurel/Eisenhower conversations.

A collateral purpose of such a public announcement would be to provide the President with something which Laurel could point to as an accomplishment flowing from his talk with the President. It is not expected that the President would be in a position at the time of the talk to comment other than in generalities upon the question of the Trade Agreement.

Special care would have to be exercised in the drafting of any press statement to avoid interrelating the Trade Negotiations and the proposed increase in aid.

I have discussed this proposal informally with the FOA and, at the working level at least, they find it acceptable.

Recommendations:

1. That a talking paper be prepared for the President for use in his conversation with Laurel in which the President would:

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[5] Not printed.

a. Express general hope for succesful conclusion of the Trade Agreement, and

b. Reply to Laurel's anticipated comments on the need for economic development by stating that the U.S. plans to increase our aid next year through long-term loans for industrialization and other projects.

2. A press release along the above lines be prepared for issuance after the conversations.[6]

3. FOA continue to urge consideration of a further period of five years' free entry into the American market for Philippine products in return for accelerating the eventual date for the imposition of full duties by five years.

[Attachment 1]

Memorandum by the Chairman of the United States Delegation to the United States-Philippine Trade Agreement Negotiations (Langley) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

CONFIDENTIAL WASHINGTON, October 25, 1954.

THE PHILIPPINE SITUATION

The Philippine Trade Mission came to Washington with two general well-advertised demands—revision of the 1946 Agreement trade provisions and elimination of impingements upon their sovereignty contained therein. Of these they rate the first the more important, privately, and their protests on the second are obviously intended primarily to improve their bargaining position on trade matters.

Their trade demands are not really that, but efforts to obtain, through a rearrangement of tariff provisions, an indirect subsidy. In short, they want financial help in some form, and their privately expressed views to me indicate they are not too particularly about the form, so long as they get the aid.

Senator Tanada has confided that we will have no trouble at all with them about matters like parity if we will only go along with their trade proposals. Senator Laurel, asked by me as to when he might go home, in view of his obvious desire to do so as soon as possible, said: "I can't go home until I have something to take with me." Even though he, individually, seems most concerned about matters involving the sovereignty of the Philippines, he goes along with his Delegation in wanting dollar aid in some form or by some device, and says that political liberty will fail without economic support.

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[6] Following Senator Laurel's meeting with President Eisenhower on Nov. 3, a press release along the lines indicated in this memorandum was issued. It did not interrelate the two questions of American aid to the Philippines and changes in the Trade Agreement. For text, see Department of State *Bulletin*, Nov. 22, 1954, p. 771.

In individual talks with me the Philippine leaders, including Governor Cuaderno and Senator Puyat, are quite frank in discussing what they are trying to achieve. They want a trade arrangement which will permit them to recapture tariffs we do not apply to their articles coming into this country, while we start paying tariffs to further swell their national receipts. They even have worked out tentative ways and means of taking advantage of such a situation, including the drafting of bills for presentation to their next Congress.

Our approach, up to this time, has been to treat sympathetically their protests about impingments on their sovereignty, while in the trade area we have tried to conceive arrangements which would even give them some increase in preferences, without a corresponding increase in our own, within general administrative policies.

I still feel that such adjustments in the Trade Agreement are possible and desirable, both politically and economically, but I also feel that there may be need for some "grand gesture" also.

As we negotiate, the Premier of Pakistan comes to Washington, stays a couple of days, and goes home with a promise of quadrupled American economic and military aid. This occurrence was not overlooked by the Filipinos.

The Trade Negotiations Delegation is not in a position to discuss aid with the Philippines. However, a little coordination at this point between the work of this Delegation and top policy officers of the Government might operate to produce a better climate in which to conclude the negotiations on a sane trade and political basis, plus, possibly, negotiating an FCN treaty, so that the overall political picture in the Far East could be definitively improved, not only in the Philippines, but through indirect reactions by other Far Eastern nations.

Senator Laurel is to pay a call upon President Eisenhower on November 2, carrying with him a personal letter from President Magsaysay of the Philippines.[7] If anything were to be worked out in the way of promises as to aid (such as assurance that the considerable balance of FOA aid originally indicated, but not yet realized, would be given) it would seem that the Eisenhower-Laurel meeting might be the proper occasion and opportunity to tell President Magsaysay and the world about it. Here is a possible opportunity to do something when it could redound to this Government's credit rather than later in desperation.

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[7] Senator Laurel saw President Eisenhower on Nov. 3. The letter is not printed.

In any event, the status of the negotiations would seem to indicate the desirability of immediate policy discussions at a higher level than is provided for by the composition of the negotiating delegation which I head.

[Attachment 2]

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Economic Affairs (Baldwin) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

CONFIDENTIAL WASHINGTON, October 25, 1954.

PHILIPPINE SITUATION

The attached memorandum from Jim Langley[8] deals with a situation which is potentially very serious. The situation is complicated not only by the difficulties mentioned by Langley but by the fact that the large Philippine delegation contains numerous members of Congress who either are important or consider themselves to be important, all of whom are becoming increasingly restive. I have sent a copy of the Langley memorandum to Tyson, asked him to consider it carefully and express his views. My tentative opinion is as follows:

1. Any official indication at this time, or during the course of the negotiations, that the U.S. intends to increase substantially its direct economic aid to the Philippines might have adverse repercussions as well as being economically undesirable. Anti-American elements in the Philippines and elsewhere could charge that the U.S., unwilling to make outright trade concessions to the Philippines, was attempting to buy, with economic aid, an agreement which would be acceptable in the United States. From a political standpoint, both Magsaysay and ourselves might lose more than we could gain under such circumstances. Moreover, economic aid in lieu of economically sound trade agreement revisions would be highly questionable on economic grounds and would certainly not be economically beneficial to the Philippines.
2. We should express the above opinion very frankly to Laurel and two or three members of his delegation. At the same time, the Philippines should be told that the U.S. representatives understand the problems of the Philippine mission and intend to do everything possible to bring about an agreement which among other things would at least for the time being provide the Philippines with resources for economic development purposes. The policy which the

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[8] Attachment 1, above.

U.S. delegation might follow to bring that about might represent a compromise between the extreme Philippine proposals for selective free trade (completely one-sided to the advantage of the Philippines) and the extreme American view. A formula might be developed which would start with an arrangement which would closely resemble the Philippine selective free trade idea and would be highly weighted in favor of the Philippines with the Philippine margin of advantage decreased progressively for a period of 10, 15, or 20 years, at which time arrangements of greater reciprocity would commence.

I believe that an arrangement along the line of (2) above might be sold to Congress on the grounds that it was the best possible means of assisting the Philippines to gain increasing economic strength and thus be better able to resist Communism. It could be represented as more effective assistance than an increase in direct economic aid which otherwise might be necessary.

Langley felt that because of the importance of this matter, he should bring it to your attention. He would like to have an opportunity to discuss it with you briefly. I shall have some staff work done and report again to you, at which time a conference with Langley might be advisable.

No. 377

411.9631/11-1754: Telegram

The Secretary of State to the Embassy in the Philippines

TOP SECRET WASHINGTON, November 17, 1954—6:19 p. m.

1787. Limit distribution. As mentioned Deptel 1735[1] work on tariff preferences, most important question remaining without substantial measure of agreement, being carried on chiefly through Puyat and Cuaderno who apparently not keeping Mission fully informed. Appears from your telegram 1334[2] Laurel also keeping Magsaysay informed only along general and vague lines. Possibly Laurel following this policy partly because he interested personally only in general principles rather than details agreement; partly because he wishes report more fully only when full agreement is reached on tariff preferences; and partly he may wish avoid any possibility leaks to press on details negotiation.

Further progress has been made since Deptel 1735 on tariff preference question. This still delicate question since basic difficulty continues to be that Philippines wish derive substantial revenues and protection in near future from imposition tariffs on U.S. goods entering Philippines while retaining U.S. market through imposition in near future only nominal percentage of U.S. tariff on Philippine goods. U.S. Delegation naturally desires an agreement that Congress and U.S. businessmen will accept and cannot agree to too great inequalities in tariff treatment.[3]

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[1] Dated Nov. 12, not printed. (411.9631/11-854)

[2] Dated Nov. 10, not printed. (294.9641/11-1054)

Delegation continuing to impress upon Filipinos that although sympathetic their aims of revenue and reasonable protection they cannot achieve those aims entirely expense of U.S. interest. This position being brought home step by step to Filipinos and once agreement can be reached on degree of difference in tariff treatment other questions can apparently be concluded without undue delay.

Above for your information only and for background in discussions with Magsaysay as two delegations have agreed not give out information on status negotiations except jointly. We understand Magsaysay desire for more complete information but do not believe would be appropriate such information come from U.S. sources rather than from his own Delegation.

No encouragement should be given Magsaysay to believe he will receive invitation visit U.S.

DULLES

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[3] The most recent formula proposed by the U.S. Delegation on tariff preferences, which it was thought possible might be acceptable to the Philippines, was described in the following language in a memorandum of Nov. 17 by Baldwin to Carl D. Corse, Chief of the Commercial Policy Staff, Department of State:

"Briefly, it would commence with the imposition by the U.S. of import duties on Philippine products which would commence at 5 per cent for the first three years, then increase to 10 per cent for three years, then to 20 per cent for three years, then 40 per cent for three years, then 60 per cent for three years, then 80 per cent for the next three years to the last jump to 100 per cent.

"U.S. goods entering the Philippines would start with a 20 per cent tariff which would be increased each three years until 100 per cent had been reached at a rate which would give the Philippines an advantage over the U.S. at each step in the process." (FE files, lot 58 D 209, box 19825)

No. 378

711.56396/11-2454

Memorandum of Conversation, by David C. Cuthell of the Office of Philippine and Southeast Asian Affairs

SECRET

WASHINGTON, November 24, 1954.

Subject: Negotiations on Military Bases in the Philippines

Participants: Ambassador Romulo[1]
C—Mr. MacArthur[2]
FE—Mr. Robertson
PSA—Mr. Cuthell

Ambassador Romulo called today on Mr. MacArthur and on Mr. Robertson to show them a copy of a telegram[3] which he had just received from President Magsaysay.

The President said that the Philippine Department of Foreign Affairs was being pressed by our Embassy in Manila to enter into the long delayed negotiations on military bases at a very early date. The President is greatly disturbed at the possible results of a resumption of negotiations at this time for two reasons: (1) Because he believes that further public attention to our position on the title issue, which he states is extremely unpopular in the Philippines, would strengthen both the opposition and the Communists; he refers to the Administration's recent military success against the Communist and fears that some of the ground gained might be lost. (2) He believes that the opposition will attempt, possibly with success, to convince the Philippine public that we will be demanding military privileges in the Philippines in return for agreeing to a satisfactory revision of the Trade Agreement. He requested Ambassador Romulo to make his views known to the Department and to urge that negotiations not be resumed at the present. The telegram contained no indication as to when he thought negotiations should start.

Mr. Robertson and Mr. MacArthur told the Ambassador that the President's message would receive our most careful attention, and that they would wish to discuss the subject with the Secretary on his return next Tuesday.[4] The Ambassador said that he would inquire on the subject next Wednesday.

(Ambassador Spruance has informed us on several occasions that he has discussed the resumption of negotiations with the President himself, not with the Philippine Department of Foreign Affairs. He has reported that the President was willing to begin negotiations in the very near future, removing Senator Recto from the Philippine Negotiating Mission.)

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[1] Personal representative of President Magsaysay in the United States

[2] Douglas MacArthur II, Counselor of the Department of State

[3] Not printed.

[4] Nov. 30.

No. 379

711.56396/12-254: Telegram

The Secretary of State to the Embassy in the Philippines

SECRET PRIORITY WASHINGTON, December 2, 1954—6:09 p. m.

1934. Limit distribution. Romulo called on Robertson and MacArthur to convey urgent request Magsaysay we defer military bases negotiations "for a while" in order not prejudice trade negotiations. Magsaysay fears negotiations at present would result opposition and Communist attacks on him; would lead assertion we demanding new military rights in exchange revision trade agreement.

Have discussed matter with Secretary Anderson[1] who concurs temporary deferment. I assume you agree it unproductive attempt push Magsaysay into negotiations now in view his apprehension political consequences. Am so informing Romulo.[2]

DULLES

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[1] Deputy Secretary of Defense Robert B. Anderson.

[2] Ambassador Spruance sent the following reply on Dec. 3:

"Your priority 1934.

"I am cognizant of Magsaysay's feeling about renewing military bases negotiations, as I have been endeavoring to get them started ever since my return last July, but without result. Recto is at bottom of difficulty which is based his politically inspired, but not legally based denial of US rights. I plan to take up matter with Rodriguez and Laurel after latter's return in endeavor to break present deadlock." (Telegram 1508, 711.56396/12-354)

To this message, the Department responded on Dec. 6:

"Your 1508. No objection informal discussion bases with Laurel or Rodriguez if you believe might improve prospects successful renewal negotiations at later date. Important avoid allowing Magsaysay gain impression pushing immediate negotiation in view decision agree temporary deferment." (Telegram 1972, 711.56396/12-354)

No further action was taken on military base negotiations during 1954.

No. 380

411.9631/12-854

Memorandum of Conversation, by the Officer in Charge of Philippine Affairs (Bell)

LIMITED OFFICIAL USE WASHINGTON, December 8, 1954.

Subject: Philippine Trade Agreement.

Participants: Walter S. Robertson, Assistant Secretary, FE
General Carlos P. Romulo
James D. Bell, PSA

General Romulo, at his request, called on Mr. Robertson this morning to convey a message from President Magsaysay concerning culmination of the Trade Agreement negotiations. General Romulo stated that he had been instructed by President Magsaysay to request that the United States agree to a revision of the Trade Agreement which would permit the Trade Agreement Delegation to announce substantial benefits for the Philippines.

Mr. Robertson stated that this matter had been recently discussed in the Department and that we would make the greatest possible concessions to the Philippines consistent with the necessity for obtaining Congressional approval. Mr. Robertson pointed out that an agreement which proved to be unacceptable to the Congress would be most unfortunate. He reiterated that we would agree to help the Philippines to the greatest extent possible with respect to changes in the Trade Agreement and pointed out that General Romulo was probably better qualified than most Americans to understand the problems involved.

General Romulo said that he appreciated Mr. Robertson's position and that he would convey Mr. Robertson's views to President Magsaysay by telephone tonight. He also said that he would explain our position to members of the Philippine Delegation.

General Romulo raised the question of President Magsaysay's visit to the United States and stated that he had hoped there would be some time lag between Magsaysay's visit and visits of other distinguished foreigners. Mr. Robertson explained the numerous difficulties in view of the large numbers of distinguished foreigners who visit the United States and stated that we wanted to be sure that any visit by Magsaysay was very well planned so that he would receive all the appropriate courtesies and honors. He said that he felt anything less would be worse than no visit at all. General Romulo was in agreement. He also stated that he felt Magsaysay should visit the United States while the Congress was in session.[1]

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[1] On the following day, Robertson met with Senator Laurel to discuss the Trade Agreement and Philippine claims. On the first topic, no new ground was covered; on the second, Cuthell's memorandum of conversation on the meeting reads:

"On the claims question, Mr. Robertson said that we were actively investigating the 1934 devaluation claim, and would continue to discuss it with the Treasury. It was noted that favorable action would, of course, require a Congressional appropriation. A long and inconclusive discussion of the war damage claim followed, which was terminated by Senator Laurel's suggestion that this claim and those relating to the Army be reviewed subsequently by representatives of the Department and the Philippine Embassy in Washington. The Senator stated that his primary interest was in seeing that his Government had an opportunity to present all the evidence in its possession on each of these claims and that it have an opportunity of discussing it with this Government. Mr. Robertson agreed that discussions should proceed as the Senator desired and as anticipated by his letter to the Senator of November 12, 1954" (441.9631/12–954)

On Dec. 15, Laurel and Langley issued a joint statement outlining the salient features of the Agreement, popularly known as the Laurel-Langley Agreement, which they had signed on that date; for text, see Department of State *Bulletin*, Dec. 27, 1954, p. 981.

Following approval in 1955 by the Philippine Congress, President Eisenhower submitted the Agreement to the U.S. Congress, which, on Aug. 1, 1955, enacted the Philippine Trade Agreement Revision Act of 1955, authorizing the President to enter into an executive agreement with the President of the Philippines to revise the Agreement of 1946 in accordance with the Agreement signed on Dec. 15, 1954, as corrected. (69 Stat. 413)

The new Agreement was signed in Washington on Sept. 6, 1955 by Romulo and Langley and entered into force on Jan. 1, 1956. The text is printed in TIAS No. 3348; 6 UST (pt. 3) 2981.

THAILAND

UNITED STATES RELATIONS WITH THAILAND; THE INCREASE OF UNITED STATES MILITARY AND ECONOMIC ASSISTANCE TO THAILAND[1]

No. 381

123 Stanton, Edwin F.: Telegram

The Ambassador in Thailand (Stanton) to the Department of State

CONFIDENTIAL BANGKOK, January 18, 1952—11 a. m.

1537. Embtel 1503, Jan 12[2] re my statement. Dept may be interested in both press and personal reactions which fairly extensive. Fellow-traveller, pro-Commie, and ultra nationalist Thai and Chinese press used statement primarily to indicate US interference in Thai internal affairs; other anti-govt press naturally favored statement and offered mild veiled criticism of govt; pro-govt press attempted pass off statement by saying I had been away for long time, was not currently informed on recent events, and only speaking personally as true friend of Thailand. Govt-controlled Eng language Bangkok *Tribune* Jan 17 stated since Thailand fully supporting democratic world it "ought to have, long before this, been removed from range of suspicion". Article concluded that country being attacked by "sporadic waves of criticism cooked up by pessimists", and that "road leading to further criticism of this country should be completely blocked".

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[1] For previous documentation on U.S. relations with Thailand, see *Foreign Relations*, 1951, vol. VI, Part 2, pp. 1594 ff.

[2] Telegram 1503 reported the coverage in the Bangkok press of a statement Stanton had issued on Jan. 10 upon his return to Bangkok. (123 Stanton, Edwin F.) In the statement, Stanton expressed concern about the events of Nov. 29–30, 1951, when military leaders forced the resignation of the Pibulsonggram Cabinet, dissolved Parliament and appointed a new one, announced the abolition of the constitution and the restoration of the 1932 constitution, and formed a new Cabinet, also headed by Pibulsonggram. (For related documentation, see *Foreign Relations*, 1951, vol. VI, Part 2, pp. 1638 ff.) In his statement, sent to the Department of State on Jan. 11, Stanton declared that Thailand's good friends in the United States were greatly disturbed at recent events, which had aroused doubts about the political situation in Thailand and uncertainty about the future. (Telegram 1501; 123 Stanton, Edwin F.)

Reaction former Pridi-ites,[3] free Thai, Democrats, Royalists and many conservative personalities both within and without govt thus far favorable. They perhaps hope for follow-up by US which might curb dictatorial powers of 1947 Coup group.[4] Majority of those critical of govt however do not feel that statement in itself will make lasting impression among present govt leaders. Both FonMin[5] and Premier cordial during Jan 14–15 conversations and friendly in brief comments to press inquiries. Both avoided commenting on specific points in statement and merely attempted explain Nov 29 Coup necessary wipe out corruption and Communism. First army C-in-C Sarit Thannarat[6] informed American official I had been away too long, but Premier had explained situation and matters set straight. . . .

Personal comment by Brit and other diplomatic colleagues very favorable. Brit Amb[7] says he made precisely same points in conversation with PriMin shortly after events Nov. 29.

Comment: Believe statement useful as indicating our concern over recent events which reflect degree political instability and preoccupation of military with politics to detriment of effective implementation of our mil aid program. Fear of possible curtailment of mil aid may also tend restrain irresponsible military leaders who now control govt. I hope also statement may make clear that US is aiding Thailand and not necessarily 1947 Coup group.

STANTON

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[3] Pridi Phanomyong, leader of the Free Thai underground resistance movement against the Japanese during World War II and Prime Minister of Thailand from March to August 1946, had led an unsuccessful attempt to overthrow the Pibulsonggram government in February 1949 and had been in exile since that time.

[4] The military leaders who controlled the Thai Government were known as the Coup Group since their seizure of power in a *coup d'état* in November 1947.

[5] Worakan Bancha.

[6] Gen. Sarit Thanarat, Commander in Chief of the Thai First Army and Deputy Minister of Defense.

[7] Geoffrey Arnold Wallinger.

No. 382

Editorial Note

NSC 124, February 13, and NSC 124/2, June 25, both entitled "United States Objectives and Courses of Action With Respect to Communist Aggression in Southeast Asia," deal in part with Thailand. For texts, see Part 1, pages 45 and 125.

No. 383

792.5 MSP/8-1252

Memorandum by John H. Ohly, Assistant Director for Program, Office of the Director of Mutual Security, to Edwin M. Martin, Special Assistant to the Secretary for Mutual Security Affairs[1]

SECRET WASHINGTON, August 12, 1952.

Subject: Military Assistance for Thailand.

As both of you are aware, I have for a long time had considerable doubts concerning (a) the precise objectives of, (b) the wisdom of maintaining, and particularly, (c) the wisdom of maintaining at such high levels, the military assistance program for Thailand. Recent reports to the effect that arms were being delivered from Thailand to the Karens[2] in exchange for wolfram and that certain Thai military authorities were in touch with Chinese Communists in Hong Kong, together with the recurrent participation over the past two years of the several Thai services in military coups in support of different political factions, have strengthened these doubts at least to the point of believing that we should make a thorough reassessment of the purpose of this program and the desirability, and, if so, at what level, of continuing this program in FY 1953 and FY 1954.

I therefore request that the Departments of State and Defense collaborate on a careful reassessment of the problem so that it may be available at the time we review FY 1954 program proposals. I ask the Department of State to take the initiative in getting in touch with the Department of Defense and getting this work under way.

JOHN H. OHLY

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[1] This memorandum was also sent to Frank C. Nash, Assistant to the Secretary of Defense for International Security Affairs.

[2] Reference is to the Karen insurgents in eastern Burma.

No. 384

792.5 MSP/10-752

Edwin M. Martin, Special Assistant to the Secretary for Mutual Security Affairs, to John H. Ohly, Assistant Director for Program, Office of the Director of Mutual Security

SECRET WASHINGTON, October 7, 1952.

MY DEAR MR. OHLY: Reference is made to your memorandum of August 12 addressed to Mr. Frank Nash, Department of Defense, and me, regarding military assistance for Thailand. The questions raised in your memorandum have been carefully studied and the views of the Departments of Defense and State, together with the views of their respective representatives in Bangkok, are coordinated in the following observations:

Your memorandum questions the objectives of the military assistance program for Thailand and the wisdom of maintaining a program at "such high levels". The memorandum also cites two unconfirmed reports: (1) that arms are being delivered from Thailand to the Karens in exchange for wolfram; (2) that certain Thai military authorities have been in touch with Chinese Communists in Hong Kong, and also comments that the Thai military have recurrently participated over the past two years in *coups d'état*, implying that United States military aid has made such coups possible.

Recurrent Participation of the Thai Military in Political Coups d'état.

I will discuss these subjects in inverse sequence. As a matter of fact, the Thai military have been participating in *coups d'état* in the modern period since 1932, not merely during the past two years. Although Thailand has all of the machinery necessary for democratic government the Thai people have not learned how and perhaps do not have the inclination to use it to the exclusion of other methods. In their history they have been accustomed to absolute monarchy and the replacement of one regime by another by means of force or a show of force. Since 1932 this authoritarian form of administration has been democratized to the extent of distributing the power among a small powerful group rather than leaving it in the hands of a single monarch. The various coups, therefore, represent regroupings within the dominant group or efforts by political "outs" to displace those in power. Since 1932 Thailand has had something like a two-party system in that until 1947 two political aggregates competed for domination of the nation. The aggregate led by the present Prime Minister, Phibun Songkram, has had remarkable longevity in that it has maintained its political control without interruption since 1947, although various attempts have been made by opposing elements to overthrow it. At present the Phibun political organization is in unquestioned domination and so far as can be seen there is no possibility of any opposing political aggregate overthrowing the present regime. However, there is constant competition within the Phibun-led group for authority and status, so that there is always a possibility that some elements within the party, perhaps by a show of military force, will attempt to secure a higher position in the Government, perhaps even seeking to displace Marshal Phibun. Even if such a development should occur, essentially the same group will be in control of the Government, which is friendly to the United States.

Incidentally, the individual who is most likely to lead a *coup d'état* at this time in order to displace Marshal Phibun is General Phao, who is at the head of the Police Force and whose Service is receiving no American military aid.

In view of the foregoing, it is believed that United States military aid has not inspired political change by coup and in fact has not been an important factor in any coup as no coup has been successful since the beginning of U.S. military aid. Therefore, the participation of the Thai military in internal politics should not be regarded as an important factor in reaching a decision regarding United States military assistance for Thailand.

Report that Thai Military Authorities Have Been in Touch with Chinese Communists in Hong Kong.

Bangkok's telegram no. 2501 of May 24, Control no. 11414,[1] stated that a usually reliable Thai source reported that General Phao and an unidentified associate sent one army officer and possibly one police officer via Hong Kong to Peiping in March; that these officers were believed to have made contact with high Communist authorities seeking a compromise arrangement for future protection. The *Bangkok Post* of May 15 carried a front page article entitled "Phao Agents Back, Report on Red China". The Embassy's despatch no. 60 of July 23[1] stated that it had been reliably reported that General Phao had held secret meetings with the well-known Communist Ari Liwira who is currently living incognito with a police official in Kanburi. It may be significant that it was General Phao of the Police who is in change of Thailand's intelligence operations whose agents have reportedly made these contacts. There is no certainty that such contacts were actually made and the reports may have emanated from his political enemies. . . . Furthermore, it should be remembered that the

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[1] Not printed.

United States Government is not the only government which has a vital concern with current happenings in China. Thailand, itself, in its own behalf, is vitally concerned with this subject and it would be reasonable to expect that the Thai Government by some guile would attempt to send its intelligence agents into China in order to secure a fresh report on China's internal affairs from the point of view of Thai intelligence interests.

However, assuming the most cynical motives for General Phao's alleged action in sending his agents into China with the view of making compromise arrangements for his own future political longevity, the United States Government should, even so, not condemn the total position of the Thai Government, which is openly giving every evidence of friendly cooperation with the United States, because of the actions for personal advantage of one individual of that Government.

The Report that Arms Are Being Delivered from Thailand to the Karens in Exchange for Wolfram.

An AP despatch filed in Singapore April 10 by a Mr. Goodyear, whose information derived from a visit in northern Thailand in December 1951, stated that the Karens had seized a 600-ton wolfram stockpile at the Mawchi Mines, half of which had already been disposed of to private interests. The assumption was made that as the current price in the United States for wolfram was $4,000 a ton, the Karens should have a considerable amount of foreign exchange. An additional assumption was made, because of their current needs, that they would use this foreign exchange to purchase arms. It was further assumed that as the wolfram was passing out of Karenni through Thailand the Karens were securing arms from the Thai military. . . . Just how much confidence should be put in a report of this nature which appeared in a Burmese newspaper is uncertain. And furthermore, the equipment described was not American but British in type. I have no doubt that what wolfram the Karens have sold has passed through Thailand. I would not question the idea that if Karens are selling wolfram some elements in the Thai Police or Military are making personal profit at the expense of the Karens, giving as little as possible in return for the wolfram. Even supposing that some elements of the Thai Military are engaged in such traffic it could hardly be very extensive because of the problem of transporting heavy ore either on the backs of human carriers or by pony. I do not feel that the Thai Government, as a government, should be judged and evaluated for the behavior or misbehavior of minor elements in its employ who are led on by personal cupidity.

The Precise Objectives of U.S. Military Assistance for Thailand.

Since the beginning of U.S. military assistance our precise objectives have been (1) to encourage Thailand to continue on its present political course of alignment with the Free World and to remain a stable force in southeast Asia; (2) to assist the Thai Armed Forces in improving internal security and, by increased defense strength, deterring external aggression; (3) to bolster internal political stability and to help check Communism by strengthening the Thai Government. It is believed that these objectives are being achieved and that any move to discontinue U.S. military assistance to Thailand would threaten the very substantial progress which has been made.

In connection with objective (1), Thailand has openly opposed the actions of the Chinese Communist regime, has refused to recognize it politically, continues to recognize the Chinese Nationalist Government at Formosa, is fighting with the UN forces in Korea, is sympathetic with and has given political recognition to the Associated States of Indochina, and is cooperating in every respect in the UN and in all of its subsidiary organizations, most of which have their Far Eastern headquarters at Bangkok. Further, under objective (1), Thailand is the most stable force on the southeast Asian mainland and is a haven of peace in the midst of troubled nations round about her. We should not feel discouraged at the success of United States aid programs in view of these achievements.

Although military aid to Thailand would not enable the country to withstand open Chinese invasion, it will contribute to the overall strength of non-Communist forces in southeast Asia.

Thai forces are being welded into a small but efficient force capable of coping with internal uprisings, guerrilla attacks, or carrying out delaying action in the event of Chinese Communist attacks in force. The Military Assistance Advisory Group has assisted the Thai Army in establishing various training courses in small unit tactics, infantry weapons, and automotive driving. Infantry and artillery officer courses have also been organized and—probably more important—various automotive maintenance courses have been established.

The Navy program has included two patrol craft, two frigates and six Coast Guard Utility Boats as well as spare parts and miscellaneous equipment for installation in Thai Navy vessels. Training has been conducted for a limited number of officers in electronic maintenance, sonar and radar operations thus increasing the ASW and minesweeping efficiency of its vessels. Psychologically the program, although modest, has assisted the forces in gaining a greater confidence. The morale of naval personnel has improved and the efficiency of the individual units has increased through combat experience with United Nations' forces in Korea.

The air program has converted a heterogeneous assortment of obsolete and worthless aircraft into a RTAF with an assembly of first line piston fighters and trainers. The flying training establishment has been reorganized and patterned after the USAF Training Command. Monthly flying time has increased slightly over 1000% since pre-MDAP conditions existed. The Air University and its technical schools have been reorganized, their courses revised and teaching methods modernized. The maintenance, supply, communications and ordnance sections of the RTAF have been, or are being reorganized. The Air Installations Program has accounted for the completion of four new hangars at RTAF bases, control towers, parachute drying towers, and ramp facilities under construction. Contracts have been let for resurfacing airfields at Tac Lee, Koke, Kathieni and Korat.

There might be very serious effects upon Thailand's political alignment and upon the usefulness of the present American Ambassador and his staff at Bangkok if the military assistance program were to be diminished or brought to a full stop at this time. It is not difficult to visualize the effect on Thai troops in Korea if the United States Government suddenly discontinued its military program in Thailand.

In regard to objective (3) it seems clear, because of the longevity of the Phibun regime, that the country is more politically stable than at any time since World War II, regardless of the constant rumors and attempts at political coups which have been discussed previously. It is further clear that there is no strong Communist movement among the Thai and that any Communist threat within Thailand stems from the Chinese community. Repeated reports indicate that the Thai Government is completely confident in its abilities to control the Chinese community and there has been no evidence to indicate their inability up to the present in this respect.

The military programs for Thailand should continue at the presently planned levels. A balance has been achieved between the amount of equipment and services furnished and the ability of the Thai forces to absorb it, hence any augmentation of the present levels would constitute a wastage. On the other hand, the programs should not be reduced since any reduction would promote a reaction in Thailand favorable to Communist propaganda, and perhaps create the impression throughout southeast Asia that the United States was abandoning support of an Asian country which, at the risk of its sovereignty, has actively supported Western ideologies and United Nations operations in Korea.

Sincerely yours, EDWIN M. MARTIN

No. 385

792.00/11-1452: Telegram

The Ambassador in Thailand (Stanton) to the Department of State

SECRET BANGKOK, November 14, 1952—2 p. m.

863. Dept pass ONI, DEPTAR G-2, AFOIN. Re Embtel 835, Nov 10 and 856 Nov 13.[1]

Police list of 145 for arrest includes:

1. Approx 25 to 30 Thai journalists and writers mostly in left-wing press. About 12 of these not yet apprehended.
2. Approx 70 employees Chi Commie organ *Chuan Min Pao*. Most of these were unimportant workmen released shortly after arrest but a few writers still held.
3. Approx 15 other Chi journalists and businessmen—not all caught.
4. 18 members Commie-dominated Peace Comite of Thai of which 12 not caught as they are out of country, mostly in Peking.
5. Nine students at Univ Moral Polit Sciences believed responsible for Commie instigation of students. Only five caught so far.
6. Three Army and three Air Force officers including Squadron Leader Prangphet Bunyarataphan whose arrest touched off the whole wave.

Latest official list shows that counting out those not caught and those already released, 53 suspects actually being held. Also police searched premises of 5 commercial companies and 15 printing businesses allegedly finding Commie propaganda, incriminating documents and some small arms and radio equipment. These included the Andar Co which handles business with [garble] and East European companies.

According to CID chief evidence clearly establishes complex interlocking network, including USSR Leg, Peace Comite of Thai, *Chuan Min Pao*, contacts in Thai Air Force. Key Thai figure in network said to be Suphat Sukhonthaphirom, known Thai Commie and journalist who thus far escaped capture.

Composition of list suspects shows that despite early indications that action directed primarily against junior officers movement, blow actually fell on real left-wing and pro-Commie elements. It is believed this blow at Commies resulted primarily from insistence by Premier Phibun. Available info suggests that while Phao has dragged feet in dealing with Commies, Phibun in past few months has grown increasingly worried over extension Commie activities and has repeatedly urged Phao take action. Some info indicates that on night Nov 9 Phibun ordered a reluctant Phao directly to follow up Prangphet's arrest with broad sweep of pro-Commie elements.

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[1] Telegrams 835 and 856 reported information concerning a wave of arrests by the Thai police which began on Nov. 9. (792.00/11-1152 and 792.00(W)/11-1352)

Comment: Basis present info indicates increase in Phibun's stature in govt over recent months. Therefore, these arrests may be first important instance of genuine strong anti-Commie program after four years of hollow promises.

During my call on PriMin yesterday he described recent developments as serious effort on part of Commies to undermine govt. He said govt in possession conclusive evidence that Maj Phrangphet and wife actually turning over maps, diagrams, other data concerning air fields and milit installations to Sov Leg here. He said it also established that AF officer in question working closely with several Thai who govt believes have gone over to Commies. PriMin said he has felt serious concern during past two months over increasing activities of Commies, especially among it Buddhist priests and univ students, particularly students of UMPS. In reply to my inquiry as to whether there was sufficient evidence to prosecute all those arrested, PriMin replied he believed there was good evidence concerning a number Thai who have been particularly active at recent mtgs held in Bangkok in support so-called Peace Conf Peiping.

I also took opportunity calling PriMin's attention to article which appeared yesterday in one Gen Phao's newspapers giving rather lengthy acct info said given by Phao at mtg of members of govt legislative group re reasons for arrests carried out by police during past few days. I called PriMin's particular attn to passages this news story in which Gen Phao referred to info said to have been received thru Brit and US official channels and in which Phao implied Brit and ourselves exerting pressure on Thai Govt and blaming him for not taking action against Commie. News story also states that in reply question put to him by one govt member Parliament as to whether or not arrests made as result "dictation" by Brit and US, Gen Phao replied govt not being dictated to but had been warned or advised to take action since Thai was a partner in fight against communism. Phao also linked up recent action taken by police with receipt of milit and econ aid. I pointed out to PriMin story this kind might well give Thai people erroneous impression govt taking action against Commies because of US and UK pressure. PriMin replied story was "not good" and then added that Phao had issued denial over radio last night. Whatever real feelings and motives of Phao with respect to growing Commie activities in Thai I feel PriMin and Air Chief Marshal Fuen Ronapakat[2] both genuinely concerned over Commie activities and that they welcome this opportunity crack down on Commies.

In Parliament Gen Phao led govt in presenting new strong anti-Commie law. This action planned earlier was obviously stepped up as result recent arrests. Reportedly draft bill not distributed to MPs till night Nov 12 and did not appear on agenda. Phao forced bill thru first, second, third and last readings in one day despite normal thirty-day waiting period.

Comment: Emb preparing translation of bill and will forward analysis shortly. Bill appears give all power necessary to suppress any Commie activities. High officials seem completely satisfied with bill. New law will provide acid test of sincerity and effectiveness Thai Govt protestations of opposition to communism as it deprives them of previously overworked excuse that govt had inadequate powers.

STANTON

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[2] Air Chief Marshal Fuen Ronapakat Riddhagni, Commander in Chief of the Thai Air Force.

No. 386

792.00/12-2052: Telegram

The Ambassador in Thailand (Stanton) to the Department of State

SECRET BANGKOK, December 20, 1952—10 a. m.

1129. Further conversation yesterday with Prime Minister ref arrests Commies and others said planning overthrow govt. He said arrests continuing and now more Chinese than Thai in custody. In reply my inquiry re evidence he said this based in part on documents seized by police but more obtained from interrogations and confessions. Some documents he said no doubt spurious . . . .

Prime Minister said to date indicated Commie plans were still in initial stage but had been progressing steadily. On basis arrests made in provinces it was evident Commies were having some success placing agents in village and district administration plan being to stir up trouble in provincial areas and lay foundation for take-over of govt in Bangkok. Prime Minister also referred to recent telegram he claimed addressed to Soviet Legation here from Commie China to effect Chi Commie troops being infiltrated into Indochina. He said this very serious if true but seemed to doubt authenticity of message and said perhaps Soviet Legation deliberately putting out false information. I suggested Prime Minister Govt might want issue statement on whole matter but he said unwise do so while police still carrying on investigation and making more arrests.

At conclusion interview Prime Minister referred to fact Direck Jayanama, former Prime Minister in Pridi Govt, was named in papers turned up by police PriMin new govt. He said laughingly Direck once before named PriMin in abortive coup attempt Feb 1949 but that he personally did not believe Direck involved.

STANTON

No. 387

792.00/1-2353: Despatch

The Ambassador in Thailand (Stanton) to the Department of State

[Extract]

SECRET BANGKOK, January 23, 1953.

No. 565

Subject: Summary of Thai Political and Economic Situation as of January 1953

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D. Policy Recommendations

United States policy toward Thailand must be formulated and executed in a manner which avoids the appearance of interferences in the internal affairs of the kingdom. The Thai are a proud people who cherish their long record of independence and freedom from foreign domination. There is also a trend toward a more nationalistic outlook accompanied by sensitivity toward allegations, such as the communists and the Burmese make, that Thailand is the puppet of the United States. United States relations with Thailand, including the implementation of the MSA and MAAG programs, have been conducted on a cooperative basis of equality. It is essential that the relationship be kept on this basis.

Some criticism has been voiced that our policies, particularly the MSA and MAAG programs, are strengthening undemocratic processes in this country by helping to consolidate the position of the military clique. It must be recognized that this is to some extent true. Nevertheless, in view of the nature of the present internal situation, especially the weakness and incompetence of the opposition elements and their leftist and neutralist tendencies, I believe we must accept the present locus of political power and work out our policies and objectives within its framework, but encouraging at every opportunity more than mere lip service to democratic process of government. I believe this can best be achieved by endeavoring wherever possible to support and strengthen the position of Prime Minister Phibun, who has not only displayed a most friendly and cooperative attitude toward the United States but has also proved the only personality able, in the circumstances, to maintain an effective balance among the contending factions of the military clique and at the same time restrain their excesses. Working as much as possible through the Prime Minister seems to offer the best chance of achieving our policies and objectives under the present regime. In particular, we should endeavor wherever possible and feasible to encourage the Thai Government in its present anti-communist action, without, however, giving rise to the impression that this action on the part of the Thai is the result of pressure from the United States, or that we wholeheartedly support every phase of such action.

Thailand's constructive role in the work of the United Nations, especially Thai participation in the Korean action, has proved advantageous for United States policies in Asia generally. Every effort should be made by our Government to keep alive and encourage Thailand's interest in and constructive association with the United Nations. I believe one effective way to achieve this end is to accord Thailand greater recognition in the United Nations as opportunity arises.

In contrast to India, Burma and Indonesia, this country is interested in any plan for the defense and security of Southeast Asia. But some sensitivity has been shown among the Thai, and perhaps not unnaturally, because of the fact that the Western Powers frequently confer about the defense of the area without consulting them. A continuance of this practice may well give rise to resentment and suspicion. Conversely, it would also appear necessary for the United States to associate itself closely with any Southeast Asia security arrangement which may evolve, for if the United States remains aloof, the Thai will feel the arrangement lacks real strength and be reluctant to participate themselves.

Any action the United States can take to assist the French and Associated States in liquidating the communist problem in Indo-China would, of course, have a favorable bearing on our relations with the Thai. At the same time, however, the more we can encourage the French to accord the Associated States greater autonomy, the more we can expect a friendly rapport between them and Thailand.

A solution of the problem posed by the presence of Chinese Nationalist remnants in the Shan States is urgently needed to give our relations with Thailand a more favorable context in the eyes of the Burmese and other Asiatics, and, at the same time, to remove an open sore which at present jeopardizes good relations not only between Thailand and Burma but of course between Burma and the United States.

The present trend of relations between Thailand and Japan is providing a favorable pattern for our general policy of encouraging Japanese trade with Southeast Asia the development of Japanese industrial enterprises in this area to offset pressure for a resumption of economic if not political relations with Communist China. While it is highly desirable to encourage this development, we must be prepared to face some resentment and opposition on the part of other countries doing business with Thailand, particularly the United Kingdom, as well as from some of our own business interests who feel the pinch of stiff Japanese competition in Southeast Asia markets and who resent United States encouragement of Japanese trade at their expense.

I would most strongly recommend that there be no abrupt change in our military and economic aid programs in Thailand. These programs have been successful in proving Thailand's general security position, in demonstrating an interest in the welfare of an ally and in developing the country's economy and its capacity to provide rice for the food-deficit areas of Southeast Asia and the Far East. With respect to the economic aid program, however, I believe it is necessary in the interests of making the maximum use of available funds to phase out most if not all the small projects and concentrate our attention on our major objectives, namely, agricultural development, public health and communications, all of which have a vital bearing on increasing rice production, and the health and welfare of the Thai people but which at the same time contribute to the defensive strength and security of the country.

The Fulbright program in Thailand has proved most beneficial in promoting a friendly understanding of the United States and raising educational standards in this country. It should not only be continued for the projected five year period, but funds should be earmarked for extending the program for an additional five years.

The work of USIS in Thailand has been of paramount importance in counteracting communist propaganda and neutralist trends. Unlike some other countries, USIS is able to operate here in a friendly environment and on a nationwide scope. Accordingly, any increase in its operating funds and facilities can be put to direct and immediate use.

Since the fostering of more cordial relations between the countries of Southeast Asia and a better understanding of common problems, particularly the problem of communist expansion, are so important, I have been endeavoring to convince Thai Government leaders of the desirability and wisdom of taking appropriate steps. The response has been encouraging. The Government has sanctioned the appointment of ministers to each one of the Associated States and to Indonesia and an ambassador to Burma. It is hoped that Thailand's relations with her immediate neighbors will improve and that the joint consideration of common problems will not only be facilitated but become common practice. The Prime Minister also announced his desire to initiate a program for the exchange of students with neighboring countries. In the field of military defense and security the Thai are cooperating well with the British along the Thai-Malay border, while we are encouraging the idea of joint Thai-British naval and air maneuvers. The Thai have also sent several military missions to neighboring countries including Indo-China. These developments represent a greater awareness on the part of the Thai Government of the existence of common problems and common dangers. We should, I feel, encourage not only the Thai Government but the governments of the surrounding countries towards a greater degree of understanding and cooperation.

It is finally necessary to consider the overall impression given to other countries by the friendly and cooperative relationship which has been developed between Thailand and the United States. In general, this friendly relationship affords a favorable example for our dealings with other Asiatics. Nevertheless, Thailand has in effect assumed some of the characteristics of a protege. The Communists, of course, go much further and charge that Thailand has become an American puppet or satellite. Even the Burmese take a somewhat similar attitude which no doubt exists in varying degree among some of the other neutralist countries. This is perhaps an inevitable consequence of our friendly relationship with the Thai, but it is necessary to recognize the disadvantages and pitfalls which are inherent in such a situation. The most serious danger lies, I believe, in the reaction of the Thai themselves. While they are eager and grateful for the material assistance and friendship we accord them, they are also extremely sensitive to suggestions or charges that they are under our tutelage. In the implementation of our policies toward Thailand, therefore, we must not give the impression that we are exerting pressure on the Thai by virtue of the aid extended for this will inevitably undermine the friendly relationship that exists between the two countries. That relationship is a definite asset to the United States for it is really remarkable that this small country surrounded by turmoil and exposed to communist aggression should so openly side with us.

EDWIN F. STANTON

No. 388

792.00/2-1553: Telegram

The Ambassador in Thailand (Stanton) to the Department of State[1]

CONFIDENTIAL BANGKOK, February 15, 1953—noon.

1581. NCNA despatches from Kunming January 31 and February 2 report establishment recently of "Thai nationality autonomous area" in Hsis Huang Panna (Sibsong, Panna) Yunnan consisting of area 20,000 square kilometers south of latitude 22 with capital at Cheli 100-50 east 21-55 north. Claimed autonomous area included 47 different nationalities of which Thai form majority population in area. Names chairman and vice chairman of 31-member Council of People's Government emphasizing most of "Thai nationality" and others representing various mountain tribes. Claimed new People's Government pledged follow Han Chi to guide Thai Peoples to help people other nationalities minorities implement area autonomy, smash activities American imperialists and Chiang Kai-shek bandit gang and "construct new Sibsong Panna under leadership CCP." Repeatedly emphasized aim "strengthening unity of the nationalities."

Comment: This arrangement pregnant with long-range implications, indicated Chinese Commies taking practical steps weld mountain tribes into controllable unit. Suggests intention exploit and develop sense of tribal nationalism among all so-called Thai tribes which could some day be used create disaffection among tribes in Laos, Shan States and northern Thailand. This tactic may foreshadow attempt carve out new dependent state based on tribes in all three countries south of China. Presence intensely nationalistic, so-called autonomous Thai area on frontier also offers opportunities for propaganda and other activities across border. Perhaps relevant note that recently Viet Minh have been pressing hard in Thailand country toward Laos and although no striking military gains made they may have left agents in area. Question arises whether Chinese Commies have in mind asserting influence over Thai tribal area of Laos thereby confining Ho Chi Minh to Vietnam coastal strip.

STANTON

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[1] Repeated to Saigon, Vientiane, and Rangoon.

No. 389

792.5 MSP/5-253: Telegram

The Ambassador in Thailand (Stanton) to the Department of State

SECRET BANGKOK, May 2, 1953—1 p. m.

2176. This is joint State/MAAG. Pass to Defense. Prime Minister in conversation yesterday made urgent request not only for MDAP equipment needed to arm nine regimental combat teams which as Department knows programmed FY 50 but made strongest possible plea for immediate delivery additional ammunition for weapons already supplied. He stressed that careful review by his senior army officers disclosed Thai army only has sufficient small arms ammunition 4 days under actual combat.

Prime Minister asked me inform US Government this critical shortage of ammunition and convey his earnest hope that in view gravity situation facing Thailand a 60 days supply small arms ammunition could be rushed to Thailand. I have discussed matter with chief MAAG and his officers who confirm Thai arms stocks of ammunition are totally inadequate and ammunition thus far furnished with MDAP equipment has been scarcely sufficient for training purposes. Chief MAAG and I feel that for political and military reasons we should act immediately on Prime Minister's request. I need hardly add that to refuse at this critical juncture would shake Thai Government and people's faith and confidence in us.

We are encouraged by Deptel 2032, April 29[1] and earnestly hope items urgently required from FY 50–53 programs can be delivered soonest. However, shortage small arms ammunition disclosed by Prime Minister is of such critical importance that chief MAAG and I urge ammunition requirements listed below be given top priority. Training of troops is seriously handicapped as Thai are reluctant to expend any ammunition until combat reserve is received in Thailand. Requirement: To give Thailand sixty days ammunition reserve for defense of position (per paragraph 112 A field manual 101-10 dated August 49) based on weapons programmed through 1953. Ammunition now on hand considered training ammunition. In some cases additional ammunition is required for instance where 56m–24 tanks in Thailand but zero ammunition. Where amount requested below is in excess of that required for defense position for sixty days, the difference represents additional training ammunition to be expedited. Requirements this message follow: [Here follows a list of specific items.] Further request that balance of weapons programmed through 53 be expedited and that any ammunition programmed through 53 but not included above be given priority.

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[1] Telegram 2032 indicated that the Department shared the Embassy's concern regarding the events in Laos and that every effort was being made to expedite delivery of urgently needed items. (792.5 MSP/4-253)

STANTON

No. 390

792.5/5-553

Memorandum of Conversation, by the Officer in Charge of Thai and Malayan Affairs (Landon)

SECRET WASHINGTON, May 5, 1953.

Subject: Situation in Thailand

Participants: The Secretary of State
His Excellency Pote Sarasin, Ambassador of Thailand
Mr. Landon—PSA

The Thai Ambassador, Pote Sarasin, called by appointment in order to inform the Secretary of various problems faced by his Government as a result of the Viet Minh invasion of Laos. He indicated that his Government had ordered strict enforcement of the closure of the frontier which has in theory been closed for a long time; that police and military reinforcements had been ordered to the border provinces; that an air patrol of the frontier had been established; that Vietnamese refugees of political inclination were being evacuated from northeastern Thailand where they have been residing for the past five years; that the Thai Government will firmly defend its territory; . . . .

The Ambassador went on to say that he had been instructed to tell the Secretary that it would be very reassuring if he would make a strong statement on the Laos situation, mentioning the danger to Thailand, the importance of Thailand in the resistance of the Free World against Communist aggression and some indication of United States and United Nations support in case Thailand is attacked.

The Secretary immediately incorporated a sentence or two in an address which he will make on Thursday[1] and said that he would

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[1] On May 7, Secretary Dulles spoke briefly about the international situation before the New York State Republican dinner in New York. After referring to the invasion of Laos, he continued: "These armed aggressors now also threaten peaceful Thailand

Continued

seek an opportunity before leaving the United States to make a more comprehensive statement.

The Thai Ambassador then asked what possibility there was of the United Nations taking up the Laos situation saying that the Thai Government and nation would accept a United Nations resolution as a basis for their own policy decisions and action. The Secretary said that until now it was chiefly the responsibility of the French Government to raise the question of Laos in the United Nations but that it had not done so for reasons of its own. He then read Article 34 of the United Nations Charter and advised the Thai Ambassador of the desirability of Thailand bringing the question itself before the United Nations Security Council as a preventive measure pointing out that it would focus the attention of the world on Thailand's position and might act as a deterrent to Communist forces. He added that an appeal brought before the United Nations after the act of aggression would be somewhat tardy in that the damage would have been done. The Thai Ambassador was very favorably impressed with this suggestion and said that he would strongly recommend that his Government do so.

(Siam). Thailand is one of the nations which, showing its faith in collective security, has gallantly and substantially contributed to the U.N. effort in Korea. By performing this act for others, it has won the right to help from others." For text of the Secretary's remarks, see Department of State *Bulletin*, May 18, 1953, pp. 706–707.

No. 391

792.5 MSP/4-2553

The Secretary of State to the Secretary of Defense (Wilson)

SECRET WASHINGTON, May 5, 1953.

MY DEAR MR. SECRETARY: Reference is made to a joint State/MAAG telegram from Bangkok No. 2111 of April 25[1] on the subject of Thailand's military needs in view of the invasion of Laos by the Viet Minh. The Chief of MAAG and the Ambassador strongly urged that the MDAP program of equipment for Thai armed forces be greatly expedited on the grounds that transpiring events in Laos would result in establishing a hostile armed force of communists along Thailand's northeastern frontier, and that such forces might find support among the three to four million Lao in north and northeastern Thailand, the latter area being further made hazardous by the presence of about fifty thousand Vietnamese, most of whom are supporters of the Viet Minh. The telegram then listed specific items for Army, Navy and Air Forces which were most urgently required.

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[1] Not printed. (792.5 MSP/4-2553)

It is realized that under the present low priority rating for Thailand deliveries will continue to be slow even though some items are in process. It is believed that urgent consideration should be given to raising the level of Thailand's priority if not to a level with Indochina then at least to a point approaching that level for the following reasons:

1. Thailand is an essential element in the front against the advance of communism in southeast Asia. The principal communist objective after Laos would logically be Thailand, and this fact in itself requires a re-examination of Thailand's military preparedness.

2. Thailand is threatened by communist elements within its borders which may be expected to become more dangerous with the approach of communist forces on the northeastern border, and accordingly the Thai Government needs to be militarily strong to police them. The largest communist element is Chinese. In 1952 the Thai Government arrested over 900 alleged communists, mostly Chinese. About forty-two of these have been formally charged with conspiracy. The Chinese dominate the economic life of Thailand and are in a position to damage the nation seriously if organized and determined to do so. Another aspect of the Chinese threat occurs in the southern provinces along the Malay border where disturbed conditions are caused by Chinese communist guerrillas which enter Thailand to escape British forces in Malaya.

In northeastern Thailand another troublesome minority consists of Vietnamese whose numbers are estimated at about 50,000, most of whom are refugees from Indochina and who are believed to be sympathetic to the Viet Minh and if given an opportunity would provide support to Viet Minh forces.

The Thai Government must be prepared and able to continue civil administration over these unruly elements.

3. The Thai Government needs psychological encouragement to give it stamina to oppose the corrosive forces of communism which, after establishing themselves in Laos, may be expected to engage in a cold war propaganda campaign to attempt to subvert the Thai populace and unseat the present anti-communist government by *coup d'état*. Practical steps taken by the United States Government to support the Thai Government in facing its security problems would encourage it to continue to stand boldly against communist aggression. A step-up in priority deliveries of urgently needed matériel would help prepare adequately armed and trained forces to guard Thailand's frontiers and to maintain internal security.

It would be appreciated if prompt consideration could be given to the problem of deliveries and their priority to Thailand by the Department of Defense and by such committees or boards which might be seized with the problem such as the Munitions Allocations Board and the Joint Chiefs of Staff.[2]

Sincerely yours,

JOHN FOSTER DULLES

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[2] Deputy Assistant Secretary of Defense for International Security Affairs Najeeb E. Halaby replied on May 29 that the Department of Defense had given the matter serious consideration and had directed the Army, Navy, and Air Force to take administrative action within the current priorities to expedite shipment of programmed material for Thailand. Halaby listed a number of specific items which were to be shipped within the next 90 days. (792.5 MSP/5-2953)

No. 392

Eisenhower Library, Eisenhower paper, Whitman file

Memorandum of Discussion at the 143d Meeting of the National Security Council, Washington, May 6, 1953[1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 143rd meeting of the National Security Council were the President of the United States, presiding; the Vice President of the United States; the Under Secretary of State; the Secretary of Defense; the Deputy Director for Mutual Security. Also present were the Secretary of the Treasury; the Director of Defense Mobilization; the Director, Bureau of the Budget; the Acting Chairman, Atomic Energy Commission; Commissioner Thomas E. Murray, AEC; the Chairman, Joint Chiefs of Staff; the Director of the Central Intelligence; Mr. Robert Cutler, Special Assistant to the President; Mr. Lewis L. Strauss, Special Assistant to the President; Mr. C. D. Jackson, Special Assistant to the President; Colonel Paul T. Carroll, Military Liaison Officer; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a general account of the main positions taken and the chief points made at this meeting.

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2. The Situation in Indochina and Thailand

The Director of Central Intelligence[2] stated that the latest reports on the situation in Laos were slightly more optimistic, though the situation was far from clear. The rainy season would commence within a week or ten days, and would probably put an end to the fighting until next autumn.

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[1] Drafted by S. Everett Gleason, Deputy Executive Secretary of the National Security Council, on May 7.

[2] Allen W. Dulles.

On the political side, continued Mr. Dulles, the recent statements and actions of the King of Cambodia[3] were the most significant developments. The King had bluntly stated that the French must give Cambodia virtually complete independence if they expected the Cambodians to assist in resisting the Vietminh invaders.

Mr. Dulles then stated that Thailand had asked for assistance from the United States, ... the Thai ground forces, numbering some 45,000 men, were fairly good fighters. There was an air force of some 10,000 men and 300 aircraft, many of which aircraft were obsolete. The Thai navy was of relatively little account. The major difficulty with the Thai army, said Mr. Dulles, resulted from the involvement of its high-ranking officers in politics. The rank and file were good.

General Bradley[4] observed that the involvement of Thai Generals in politics did not seem to him to make them unique.

[Here follows discussion of developments in Indochina; for text, see volume XIII, Part 1, page 546.]

Mr. Cutler also read the statement of policy on Thailand with particular reference to military assistance, noting that under this policy it would be appropriate to increase U.S. military aid to Thailand.[5]

Secretary Smith[6] said that the situation in French Indochina had developed so rapidly that his staff in the State Department has been unable to keep up with them. It was certainly clear, however, that the situation in Thailand differed fundamentally from that in Indochina. Secretary Smith confirmed that the Government of Thailand had formally requested increased military assistance, and noted that the Government had already begun to move certain disaffected and pro-Communist elements from the border areas adjacent to Laos. Secretary Dulles had written to Secretary Wilson[7] urging the provision of additional military assistance, particularly ammunition. This was all very desirable, said Secretary Smith, but what the United States really ought to do to meet the situation in Thailand was to send out a high-ranking general officer to head a small military mission along the lines of General Van Fleet's mission to Greece.[8] At present we have only a Colonel in Bangkok, and while he was competent it was clear that the Thais wanted a general officer who would direct and coordinate the training of their armed forces. Much could be done if we would accede to this request.

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[3] Norodom Sihanouk.

[4] General of the Army Omar N. Bradley, Chairman of the Joint Chiefs of Staff.

[5] Reference is presumably to the section on Thailand in NSC 124/2, June 25, 1952; for text, see Part 1, p. 125.

[6] Under Secretary of State Walter Bedell Smith.

[7] *Supra.*

In answer to a question from the President, as to the availability of arms and ammunition at short notice, General Bradley replied that a certain amount could shortly be got to Thailand quickly, but that the Thais wanted a good deal more than we had planned to send up to now. General Bradley then read some of the details of these requests for matériel.

Pointing out the very great possibilities of the loss of French Indochina, Secretary Smith observed that we might still be able to hold Thailand and the Kra Isthmus. We ought therefore to do our utmost to meet the Thai requests.

Mr. Cutler inquired whether there would be any possibility of getting General Van Fleet[9] to head the military mission which Secretary Smith had outlined.

Secretary Smith said that the selection of General Van Fleet would have a very powerful psychological effect, but the President expressed doubt as to the likelihood that General Van Fleet could be persuaded to go.

The President also inquired into the nature of the MSA program for Thailand and whether it contemplated amounts of matériel sufficient to meet the demands of the situation, and if not, whether there was sufficient flexibility in the MSA program to permit transferring to Thailand arms and munitions earmarked for other areas. The President thought it inadvisable to seek new Congressional appropriations, in view of the urgency of the matter and in view of General Bradley's statement that aid programmed for Thailand would not cover all that they were now asking for. The President also suggested that General Bradley consider possible candidates to head the military mission to Thailand which was obviously the view of the Council and himself that we should send. The President also directed General Bradley to call General Van Fleet to see if there was any possibility of his being willing to go.

The Vice President raised the question as to whether publicity should not be given to the assistance we propose to render Thailand.

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[8] Gen. James A. Van Fleet, USA (ret.), served as Director of the Joint U.S. Military Advisory and Planning Group in Greece, 1948–1950.

[9] General Van Fleet had recently retired after serving as Commander of the U.S. Eighth Army in Korea, April 1951–February 1953.

The President said he agreed with General Smith that it was unwise to give any publicity to what we were proposing to do for Thailand until the assistance had actually materialized, on the ground that nothing would be worse than to make a lot of noise about what we were proposing to do, and then failing to do it.

Mr. Jackson inquired whether it would not be sensible to look into what could be done by way of psychological warfare with Thailand as a base.

The President directed Mr. Jackson to consider this matter and report on it to the Council at its next meeting.

The National Security Council:[9]

a. Noted an oral briefing by the Director of Central Intelligence on the situation in Laos and Thailand.

b. Agreed that it was essential that the French make clear that they intend to give the people of the Associated States maximum freedom to choose their own form of government, as soon as internal security can be established in Indochina.

c. Agreed to recommend to the President:

> (1) The provision, as a matter of urgency, of a military mission to Thailand, headed by a high-ranking U.S. officer, to give training and operational advice to the Thai armed forces along the lines of the Van Fleet mission to Greece.
>
> (2) Acceleration of military assistance to Thailand to furnish all feasible matériel aid to the Thai armed forces.

d. Agreed that Mr. C. D. Jackson should report at the next Council meeting on the possibilities for psychological operations based on Thailand.

Note: The action in b above subsequently transmitted to the Secretary of State for implementation. The action in c above, as approved by the President, subsequently transmitted to the Secretary of Defense for implementation.

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S. EVERETT GLEASON

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[9] Paragraphs a-d and Note below constitute NSC Action No. 780.

No. 393

792.5 MSP/5-653

Memorandum of Conversation, by the Officer in Charge of Thai and Malayan Affairs (Landon)

SECRET WASHINGTON, May 6, 1953.

Subject: United States Assistance to Thailand.

Participants: The Secretary of State
The Under Secretary of State
His Excellency, Pote Sarasin, Ambassador of Thailand
Mr. Landon—PSA

The Secretary invited the Thailand Ambassador, Pote Sarasin, to call in order to inform him of various actions and views arrived at in the U.S. Government subsequent to receiving the information and comments of the Ambassador on May 5. The Secretary handed the Ambassador an *Aide-Mémoire*[1] indicating that small arms ammunition requested by the Thai Government was already enroute; that the U.S. Government was prepared to send a high ranking officer with a special accompanying Mission to become Chief of MAAG; that if the Thai Government was agreeable to such appointment it would be expected that such officer would receive complete cooperation from the Thai Government and Thai military authorities comparable to the cooperation granted to such officer and Mission in Greece during its period of crisis when the U.S. officer acted as extraordinary Adviser whose opinion carried great weight and who had a seat on the Supreme Council: that it would appear to be advantageous from the Thai viewpoint to bring before the United Nations the threat to the security of Thailand posed by the approach of Viet Minh forces through Laos, as consideration of the problem in the United Nations would lead to fuller appreciation in the Free World of the desirability of rendering assistance to Thailand and would help discourage Viet Minh aggression. The *Aide-Mémoire* went on to suggest that Thailand might wish to ask the Security Council under Articles 34 and 35 of the Charter to find that the situation along its northeastern frontiers endangered international peace and security and that one line of action might be to request the appointment of a Sub- committee of the Peace Observation Commission which would send observers to border areas of Thailand to report on activities which might threaten Thai independence or territorial integrity.

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[1] The *aide-mémoire*, not printed, was attached to the source text.

The Secretary emphasized the importance of prompt action by Thailand not only to protect itself within its own borders but to bring the matter before the United Nations as he believed that the maximum benefits might be derived by such action. He explained that the proposal to send a high ranking U.S. officer to become Chief of MAAG would be valuable only if he were given the utmost cooperation and if he were included in all high military planning in connection with the current crisis. He pointed out that the United States Armed Forces have highly capable combat officers who have had wide experience during World War II and in Korea and that the advice of such an officer could be invaluable. The Secretary added that from reports given him it appeared that the Thai Armed Forces were capable of handling the situation which appears to be developing and that our hope would be that the high ranking U.S. officer would be in a position to provide expert advice drawn from his actual combat experience which would make Thai Armed Forces most efficient.

Regarding the shipment of small arms ammunition, the Ambassador was informed that certain categories of light ammunition were already in the air and should be in Bangkok within 48 hours; that other categories were already being loaded on ship in the Pacific Area and should arrive within a week and that other heavier categories would follow promptly. Reference was made to urgently needed military items for the Army, Navy and Air Force which had also been requested and the Ambassador was informed that many of these items were already being prepared for shipment.

The Ambassador appeared moved by the Secretary's remarks and said that his Government deeply appreciated such rapid consideration of its problems; that he had already asked his Government its views on the possible designation of a high ranking U.S. military officer as Chief of MAAG and the desirability of raising the question of Thailand's danger in the United Nations. He added that he felt confident his Government would welcome a high ranking U.S. military officer as Chief of MAAG, and that Thai officials at the United Nations were already drafting necessary materials to be used as soon as instructed by Bangkok.[2]

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[2] An *aide-mémoire* of May 19 from the Thai Embassy stated that the Thai Government welcomed the assignment of a high-ranking military officer as head of the U.S. Military Assistance Advisory Group with a special accompanying mission, that a special committee would be created in the Ministry of Defense for the purpose of consulting with the General, and that the Thai Government was considering bringing the matter of the invasion of Laos before the United Nations. (792.5/5–1953)

For further documentation relating to the proposed Thai appeal to the United Nations, which was not made in 1953, see vol. XIII, Part 1, pp. 555 ff.

The Secretary concluded by remarking that he wanted the world to know that a democratic free nation such as the United States could act quickly to assist a friendly government against unjustified aggression.

No. 394

792.5 MSP/5-953: Telegram

The Ambassador in Thailand (Stanton) to the Department of State

CONFIDENTIAL BANGKOK, May 9, 1953—noon.

2235. Joint Embassy-STEM message. Reference Deptel 2074.[1] As reported, Viet Minh invasion Laos has alarming long-term implications for Thailand but do not believe any immediate danger incursions into northeast Thailand even though Viet Minh able gain complete control Northern Laos.

Recommendation economic measures to be taken in Northeast must await finding various observers, both Thai and American now in area. Prime Minister and Generals Phao and Sarit presently in Northeast with intent develop Thai plans based on first hand observation. US Assistant Military Attaché just returned, Embassy Political Officer now in area and Chief STEM planning personal inspection before departure Washington. Until results these trips known, too early for Thai Government to have special measures planned except those already reported with respect movement portion Vietnamese minority and certain police and army preparations. Although these preliminary measures have full Embassy MAAG approval possible contribution of an economic program not yet clear.

So far as economic measures are concerned we visualize developments somewhat along the following lines:

(1) Ambassador and Chief STEM[2] will confer with Prime Minister as soon as possible upon his return from Northeast and will suggest to him joint Thai-US high-level extraordinary committee be appointed develop specific economic measures cover mutually agreed upon weak spots discovered during observation trips or otherwise identified. Embassy and STEM believe that separate program will probably evolve, covering measures meet specific identifiable dangers in specifically identifiable areas caused by Viet Minh

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[1] Telegram 2074, May 5, requested a joint Embassy-STEM evaluation of the situation in northeast Thailand, recommendations of economic measures to undertake to meet the threat of an invasion from Laos, a summary of projects currently underway in the northeast, and any special measures planned by the Thai Government. (792.5 MSP/5-253)

[2] Austin F. Flegel, Jr.

activities in Laos. We believe present small STEM program in Northeast and elsewhere should proceed as planned and that such additional measures we may propose be considered as extra and above present STEM activities. Believe unwise disturb present STEM program since it would give Thailand impression US is nervous concerning security Northeast and new approach, preferable to merely expanding present projects Northeast. To have prompt psychological effect a new approach should be developed cover specific soft spots as they are identified by area and type. Expansion present activities merely to show US interest and concern would not accomplish these results although some expansion present activities probably will merge as part of separate emergency program.

(2) New efforts in Northeast should probably initially be concentrated in area along border from North to Nakorn Phanom. The extra economic program for Northeast would be limited to danger area and designed cope with special problems specifically giving promise immediately psychological effect. Expect program would take form gearing into Thai Government plans as they develop and hitting other danger spots we uncover by independent observation.

(3) We are fairly confident we can sell the Thai on this approach and jointly work out a Northeast emergency program emphasizing psychological effect and danger spots within two to three weeks. Unable now estimate additional economic funds required fiscal year 1953 or 1954 but desire go on record that in our considered opinion additional funds will be necessary even after cutting back proposed $6 million STEM program fiscal year 1954 to maximum extent possible.

Brief summary current major projects Northeast follows:

Agriculture

a. Tank irrigation—as of 31 March 36 irrigation tanks located throughout entire Northeast complete, 58 additional under construction and 40–50 additional to be started first three months 1954. Project proceeding as fast as equipment operators can be trained.

b. Extension—agricultural extension activities expanded Northeast all fields. 12 experiments and 121 farm demonstrations in fertilizing rice conducted that area 1952 with results ranging from 76 to 500 percent increase in yield. Extension meeting Ubol now going on.

Public Health

c. Malaria—malaria campaign in three years reaching 1 million people throughout entire Northeast. Most favorable reactions observed.

d. Rural health—Goal Ministers of Health properly equipped 679 first and second class rural health centers and increase number of centers to 2000 with first priority Northeast being implemented. Lateness arrival supplies and equipment delaying project. Transportation rural health officers supplied in order increase ability reach increasing numbers of people.

e. Hospitals—program emphasizes assistance Northeast provincial hospitals, ambulance supplied each hospital.

Transportation, et cetera

f. Railways—construction carriage and wagon repair, ship and locomotive wash-out shop Korat to be completed by end fiscal year 1954 resulting in greatly improved rail transportation Northeast and consequent ability move Northeastern products Bangkok.

g. Highways—amounts MSA supplied highway equipment in one location vary from season to season. Equipment has helped construction, repair and maintenance over 1500 kilometers of trailways, 5000 kilometers highways with priority in Northeast. Procurement under way for base repair shop equipment Korat tied in with Thai Government commitment build and equip field shop Khonkaen for machinery repair and maintenance resulting great need highway construction.

Education

h. Substantial benefits observed during recent visits Udorn and other cities Northeast directly resulting from training teachers have received at Phachoengsao.

STANTON

No. 395

INR-NIE files[1]

Special Estimate[2]

SECRET [WASHINGTON,] June 2, 1953.
SE-45

THAILAND'S ABILITY TO WITHSTAND COMMUNIST PRESSURES OR ATTACKS THROUGH MID-1954[3]

THE PROBLEM

To estimate the political, economic, and armed strength of Thailand, with particular reference to Thailand's ability to withstand external or internal Communist pressures or attacks, through mid-1954.

CONCLUSIONS

1. Thailand's relative freedom from Communist pressure has probably been ended as a consequence of the recent Viet Minh incursion into Laos.

2. The regime in Thailand is not on the whole vulnerable to Communist subversion in the absence of strong external Communist pressures. However, there are weaknesses in Thailand's internal political situation which might become aggravated under increased external Communist pressures.

3. We believe that the Thai Government will be able to cope with Communist pressures on the scale which can be expected to develop in the immediate future.

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[1] Files of National Intelligence Estimates, Special Estimates, and Special National Intelligence Estimates, retained by the Directorate for Regional Research, Bureau of Intelligence and Research.

[2] Special Estimates (SE's) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems on an immediate or crisis basis. SE's were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the Central Intelligence Agency (CIA), approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of SE's.

[3] According to a note on the cover sheet: "The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. The Intelligence Advisory Committee concurred in this estimate on 26 May 1953. The FBI abstained, the subject being outside of its jurisdiction."

4. However, within the period of this estimate, the presence of Communist guerrilla forces along Thailand's northeastern border will considerably increase Communist capabilities for subversion and for the development of a dissident movement among the Vietnamese in northeastern Thailand. As Communist strength increases on the border, Communist pressure on Thailand will grow. The anxiety of Thai leaders will increase proportionately, and they will almost certainly request assurances of increased support from the US.

5. While we believe that invasion of Thailand by regular Viet Minh forces is not likely during the period of this estimate, the situation would be drastically altered if the Communists should consolidate a position on Thailand's borders and threaten to invade Thailand in force. In that event, the resistance Thailand would make to the Communists would depend on whether Thailand's leaders believed sufficient external assistance could be counted on. Specifically, they would demand a US commitment to support and defend Thailand. If they were given such a commitment and were convinced that US help would be immediate and effective, we believe that the Thai leaders would stand firm against Communist pressures. If, on the other hand, it did not appear that the necessary amount of US aid would be forthcoming, Thailand's leaders would probably yield to Communist demands.

[Here follows the "Discussion" section of the paper, comprising paragraphs 6–21.]

No. 396

S/S-NSC files, lot 63 D 351, NSC 124 Series

Memorandum by the Ambassador to Thailand (Stanton) to the Director of the Office of Philippine and Southeast Asian Affairs (Bonsal)[1]

TOP SECRET WASHINGTON, July 16, 1953.

Subject: PSB D-23, "U.S. Psychological Strategy with Respect to the Thai People of Southeast Asia."[2]

Having perused the above mentioned paper, I would endorse "Phase I", which proposes in coordination with U.S. military programs, to consolidate Thailand as a secure base, by increasing its strength and making its frontiers more defensible. This, in essence, is what the U.S. Government has been doing in Thailand during the past two and one-half years through the extension of military and economic assistance to Thailand . . . .

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[1] Stanton left Bangkok on June 30 to return to the United States in preparation for his retirement from the Foreign Service.

[2] PSB D-23 was a draft of July 2 prepared by the Psychological Strategy Board in response to NSC Action No. 788-b. The final revision of PSB D-23, Sept. 14, is printed in part as Document 403. The various drafts of PSB D-23, together with related material, are in PSB files, lot 62 D 333, file PSB D-23.

With respect to a military assistance program, I believe that the Thai economy and finances will not support any great increase in the military aid which has been planned and which is now in process of being implemented. Every effort should be made, however, to expedite shipment of military equipment which has been programmed, particularly artillery, and to assign without delay the additional personnel requested by MAAG, Thailand, in order to expedite the training of the Thai Armed Forces. The assistance being extended by our Government to the Thai Police should not be overlooked. To meet the threat to Thailand's frontiers occasioned by the Communist invasion of Laos, the strength of the Thai Police is being increased by some 5,000 men, ...

With respect to our economic aid, I feel, on the basis of conversations with the Prime Minister, the Foreign Minister, and other members of the Cabinet, that the Thai Government does not desire any great increase over and above the level of aid which has been extended during the past two years. In fact, the Thai Government finds the setting aside of counterpart funds a very considerable burden and is an obligation which it would like our Government to waive. I believe, therefore, that it would not be advisable to increase economic aid except for such emergency projects in northeastern Thailand as may be agreed upon. It should be borne in mind that the economic assistance which we have extended to Thailand is not of such a nature as materially to lessen the financial burdens incurred by the Thai Government in connection with expenditures for military purposes. The only exception to the foregoing is the assistance which MSA can give with respect to highways.

The psychological objectives listed under "Phase I" have also received a great deal of attention and through information programs, . . . the dangers of Communism have been brought home to the Thai people and their will to resist either Communist aggression or Communist blandishments has been stimulated. . . . there is still much which can be accomplished by the extension of informational activities to the provinces. However, this can only be achieved through an increase of personnel, preferably personnel having at least a basic knowledge of the Thai language, and through increased appropriations.

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Let us strengthen Thailand itself in every possible way and thus encourage those friendly people to stand against communism both now and in the future, but let us not embarrass our Thai friends and cause the other nations of South Asia whose friendship we seek, to look askance at us.

No. 397

611.92/7-2053

Memorandum of Conversation, by the Officer in Charge of Thai and Malayan Affairs (Landon)

CONFIDENTIAL WASHINGTON, July 20, 1953.

Subject: American Ambassador to Bangkok.

Participants: The Under Secretary of State
His Excellency, Pote Sarasin, Ambassador of Thailand
Kenneth P. Landon—PSA

The Under Secretary invited the Thai Ambassador to call and referred to a conversation the Ambassador had had with Mr. Matthews[1] on Friday[2] regarding the designation of General William J. Donovan to be Ambassador to Thailand. The Ambassador was reminded that he had been asked to secure the frank views of his Government on an informal and unofficial basis because of the unusual wartime relationship between General Donovan, in his official capacity, and certain Thai elements who at present are numbered among the political opposition to the present government; that the Ambassador had stated that his Government had no objection to the appointment; that the appointment of General Donovan was far along on its course even to the point where the General had already divested himself of any official relations with his law firm; that it would be very embarrassing at this late date to reconsider the subject and it was hoped that if a full explanation were made to the Prime Minister giving full assurances that General Donovan's only purpose would be to support the present Government and strengthen it in its anti-Communist stand, that the appointment would be satisfactory to all concerned.

The Ambassador said that it was true his Government, when asked, had replied that it had no objection but that he had received personal letters from high Government officials indicating great concern and he had consequently expressed this concern on his own responsibility and without instructions to Mr. Matthews. There then followed a lengthy discussion regarding the pros and cons of the situation as it now stood, and it was agreed that the appointment should go forward, that the Ambassador would write a personal letter to the Prime Minister conveying the full assurances of the United States Government, that General Donovan, on his part, would make it a point upon arriving in Bangkok to associate himself intimately with the Prime Minister and other high Thai officials and would take care to disassociate himself from any arrangements which might be identified with the political opposition. The discussion closed on a very optimistic note and the hope was expressed on both sides that the appointment would be of great profit in strengthening Thailand's position to potential Communist aggression.

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[1] The conversation was presumably with Deputy Under Secretary H. Freeman Matthews; no record of it has been found in Department of State files.

[2] July 17.

No. 398

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 159th Meeting of the National Security Council, Washington, August 13, 1953[1]

[Extracts]

TOP SECRET EYES ONLY

The following were present at the 159th Meeting of the Council: The Vice President of the United States, presiding; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. Also present were the Acting Secretary of the Treasury; the Acting Director, Bureau of the Budget; General Omar N. Bradley, Chairman, Joint Chiefs of Staff (for Item 1 only); General Collins for the Chairman, Joint Chiefs of Staff; the Acting Director of Central Intelligence; Robert Cutler, Special Assistant to the President; C.D. Jackson, Special Assistant to the President; Brig. Gen. Paul T. Carroll, Acting White House Staff Secretary; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

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[1] Drafted by Gleason on Aug. 14.

2. Significant World Developments Affecting U.S. Security

The Acting Director of Central Intelligence[2] opened his briefing of the Council with a background statement respecting the situation in Thailand. He pointed out that the Bangkok Government was firmly anti-Communist and strongly pro-American. He warned, however, that this government was in fact a military dictatorship which had come to power by a *coup d'état*. Accordingly, it could reverse its pro-American stand with little fear of public opinion. Inasmuch as the controlling clique was very corrupt and Thailand was somewhat less prosperous than in the past, an upheaval in the government could occur at any time. Such internal weaknesses, continued General Cabell, would cause us little concern were it not for the threat of foreign intervention posed by the setting up of the Thai autonomous state and by the possible repetition of the invasion of Laos by the Vietminh. On the occasion of the latter event that Thai Government had at once sought commitments from the U.S. for stronger support. General Cabell predicted that this move would be repeated when the fighting season opens in Indochina. He further predicted that Thailand would resist Communist demands only in so far as its government received U.S. support. If such support were not forthcoming, Thailand was likely to yield to Communist demands.

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6. U. S. Psychological Strategy With Respect to the Thai Peoples of Southeast Asia (Memo for NSC from Acting Executive Secretary, same subject, dated July 7, 1953; Memo for All Holders of July 7 Memo, dated August 5, 1953)[3]

Mr. Cutler introduced the subject report and read to the Council the main points in U.S. policy with respect to Thailand. . . .

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The National Security Council:[4]

Referred the Summary contained in the enclosure to the reference memorandum of July 7 on the subject to the Psychological Strategy Board (a) for redrafting in the light of the comments by the Joint Chiefs of Staff and the changes proposed by the Central Intelligence Agency, and (b) for resubmission to the Council, including the addition of a Financial Appendix.

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[2] Lt. Gen. Charles P. Cabell, USAF.

[3] Neither printed. The July 7 memorandum transmitted the July 2 draft of PSB D-23; see footnote 2, Document 396. The Aug. 5 memorandum transmitted revisions of two pages of the July 2 draft.

[4] The paragraph and Note below constituted NSC Action No. 884.

Note: The above action subsequently transmitted to the Psychological Strategy Board for implementation.

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S. EVERETT GLEASON

No. 399

751G.00/9–353

Memorandum of Conversation, by the Director of the Office of Philippine and Southeast Asian Affairs (Bonsal)

SECRET WASHINGTON, September 3, 1953.

Subject: Thai Foreign Minister's Call on the Secretary

Participants: The Secretary
Prince Wan (Prince Naradhip), Foreign Minister of Thailand[1]
Mr. Pote Sarasin, Thai Ambassador
Mr. Philip W. Bonsal

After a cordial exchange of amenities, Prince Wan expressed his satisfaction at the Secretary's American Legion speech[2] and particularly with regard to the passage dealing with Indochina. He said it should do much to discourage any thought of Chinese Communist aggression there. There was a general exchange of views regarding the current situation in Indochina with emphasis on the importance of the efforts being made by our side to improve the situation politically and militarily.

The Secretary remarked in this connection—somewhat jocularly—that our attitude toward the Thai project to raise the invasion of Laos in the UN might have appeared "vacillating" but he pointed out that the situation itself had constantly changed and that, due to a variety of circumstances, it had been difficult to come firmly to grips with the French over this subject. Prince Wan expressed understanding. He said that his government was ready to present its case to the UN should future circumstances warrant. There ensued some inconclusive discussion of enemy intentions during the coming fighting season.

Prince Wan then raised the question of the KMT troops in Burma and expressed some optimism that results were about to be achieved. The Secretary agreed stating that he thought that through the cooperation of Thailand and the US, a sincere demonstration had been given the Burmese of the rather limited degree to which the situation of these troops is subject to outside influences including that of the Chinese Nationalist Government. It was generally agreed that a good part of this problem, because of considerations of terrain and regional associations transcending frontiers, remains outside of the area in which outside influences can be effective.

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[1] Prince Wan Waithayakon Krommun Naradhip Bongsprabandh.

[2] For text of Secretary Dulles' address before the American Legion on Sept. 2, see Department of State *Bulletin*, Sept. 14, 1953, pp. 339–342.

Prince Wan introduced the subject of the presidency of the General Assembly by stating that his candidacy was still alive and that he is actively campaigning. The Secretary replied that we had been embarrassed by the position which we had been obliged to adopt with respect to so good a friend as Prince Wan and that we would be very happy if Prince Wan should be successful.

After the conversation with the Secretary, Mr. Bonsal recalled to Prince Wan that sometime ago we had endeavored to ascertain if Thailand was interested in being a candidate for ECOSOC or for the Trusteeship Council with a view to the possibility of our supporting the Thai candidacy to either of these bodies. Prince Wan replied that he appreciated our interest but that Thailand was not currently a candidate for either ECOSOC or the Trusteeship Council. He said that in fact Thailand had been approached by Pakistan with regard to ECOSOC and by the Philippines with regard to the Trusteeship Council and that Thailand planned to commit her vote for these vacancies rather than to be a candidate herself. He gave Mr. Bonsal the impression that Pakistan and the Philippines would receive the Thai support they had requested but a final decision may not yet have been made. Prince Wan expressed appreciation of our interest. He took occasion to say that India's concept of leadership was that India should be a candidate for everything but that Thailand had other views of what constitutes leadership.

No. 400

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 161st Meeting of the National Security Council, Washington, September 9, 1953[1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 161st Council meeting were the following: The Vice President of the United States, presiding; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Acting Director, Bureau of the Budget; the Chairman, Atomic Energy Commission; the Chairman, Joint Chiefs of Staff; Robert R. Bowie, Department of State; Douglas MacArthur, II, Department of State; Elbert P. Tuttle, Department of the Treasury; the Director of Central Intelligence; the Deputy Director of Central Intelligence; the Assistant to the President; Robert Cutler, Special Assistant to the President; the Acting White House Staff Secretary; Gerald D. Morgan and Bryce Harlow, White House Staff; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

Following is a summary of the discussion at the meeting and the chief points taken.

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4. *U.S. Psychological Strategy Based on Thailand* (NSC Action No. 884;[2] Memo for NSC from Executive Secretary, same subject, dated September 4, 1953[3])

Mr. Cutler refreshed the Council with regard to its previous actions with respect to this problem, noting that the present report was the response of the Psychological Strategy Board to the Council's directive that its original plan for psychological operations in Thailand be revised in the light of the views of the Joint Chiefs of Staff and of the Central Intelligence Agency. Mr. Cutler also explained that the present plan for Thailand was probably the last of its kind, since the Operations Coordinating Board had now replaced the old PSB and would operate under different terms of reference as set forth in the Executive Order establishing the OCB.[4]

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[1] Drafted by Gleason on Sept. 10.

[2] See footnote 4, Document 398.

[3] The memorandum enclosed a revised draft of PSB D–23, titled "U.S. Psychological Strategy Based on Thailand", dated Sept. 2; the summary section of the draft is nearly identical to that printed as Document 403.

Mr. Cutler went on to explain the difference in function between the Planning Board and the Operations Coordinating Board,[5] pointing out that the present report was a relic of earlier days when there had been widespread misconceptions about the nature and purpose of psychological plans and strategy. He nevertheless suggested that inasmuch as the present plan had been approved by the high Government officials who composed the PSB, it would be desirable that the Council approve the plan if the earlier objections of the Joint Chiefs of Staff had been removed by the changes which the PSB had made. Mr. Cutler then asked Admiral Radford[6] to speak to this point.

Admiral Radford replied that he did not have a firm position on this report from all three of the Chiefs. Their one remaining concern, however, was that nothing that was proposed to be done in Thailand should detract from our assistance to Indochina. This point, said Admiral Radford, seemed to be so well met in the present revised plan that the Joint Chiefs would probably have no objection to it.

Mr. Cutler then proposed approval of the present report but not to include approval of the additional financial requirements set forth on page 3 of the Financial Appendix[7] to the plan, which had been distributed to the members of the Council.

Mr. Bowie[8] pointed out that the State Department had no objection to Phase I of the proposed plan, but warned that it might raise questions as to the initiation of Phase II of the plan.

Secretary Wilson confirmed that the Defense Department was not completely clear on this point either.

Mr. Cutler then inquired whether perhaps it would not be better to defer approval of Phase II and approve only Phase I minus the additional financial requirements previously alluded to.

Mr. Bowie then suggested an amendment to paragraph 2 which would clearly indicate that any decision to initiate Phase II of the plan for Thailand must be made by the National Security Council itself on the recommendation of the Operations Coordinating Board.

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[4] For text of Executive Order 10483, Sept. 2, see *American Foreign Policy, 1950–1955: Basic Documents* (Department of State publication 6446, Washington, 1957), vol. II, pp. 3186–3187.

[5] The Planning Board formulated policy recommendations for the consideration of the National Security Council; the function of the Operations Coordinating Board was to coordinate the implementation of NSC policy.

[6] Adm. Arthur W. Radford, Chairman of the Joint Chiefs of Staff.

[7] Not printed.

[8] Robert R. Bowie, Director of the Policy Planning Staff and Representative of the Department of State on the NSC Planning Board, was taking the place of Secretary Dulles, who had left earlier in the meeting.

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The National Security Council:[9]

a. Adopted the summary contained in pages 1 through 6 of the enclosure to the reference memorandum, subject to the addition to paragraph II [*III*]-2, page 5, of the following sentence:

> "The decision to initiate Phase II shall be made by the National Security Council upon recommendation by the Operations Coordinating Board."[10]

b. Agreed that the decision to seek the additional financial requirements, proposed in paragraph 3 of the Financial Data Appendix, should be deferred, pending consideration during the next session of Congress of the desirability of requesting a supplemental appropriation for the United States Information Agency.

Note: The above actions, as approved by the President, subsequently transmitted to the Operations Coordinating Board as the coordinating agency designated by the President.

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S. EVERETT GLEASON

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[9] Paragraphs a-b and the Note below constitute NSC Action No. 900.

[10] For text of the summary, as amended, see Document 403.

No. 401

611.92/9-1053

Memorandum by Robert Cutler, Special Assistant to the President for National Security Affairs, to the Chairman of the Operations Coordinating Board (Smith)

TOP SECRET WASHINGTON, September 10, 1953.

In approving the action taken yesterday by the Council relative to U.S. psychological strategy based on Thailand, the President asked me if there was any one who was in charge of the various operations that were being carried on between the United States and Thailand.

When I replied that this plan would be under the coordination of the Operations Coordinating Board, he said that his question was addressed not to planning and coordination in Washington, but to coordination and control in the field.

Looking at the financial appendix, he saw that money was being spent by the State Department, by the Defense Department, by FOA, by USIA, and by CIA. He wanted to be sure that in the field we are not duplicating and tripping over ourselves.

I told him that General Donovan had now been appointed Ambassador,[1] and I supposed that he would have a very key position in coordinating all of this work under the psychological strategy plan in the field.

I think the President would like to be reassured about this some time at the convenience of OCB.

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[1] Donovan was appointed Ambassador to Thailand on Aug. 3 and presented his credentials in Bangkok on Sept. 4.

No. 402

792.00/9-1153

The Chairman of the Operations Coordinating Board (Smith) to Robert Cutler, Special Assistant to the President for National Security Affairs

TOP SECRET WASHINGTON, September 11, 1953.

The answer to the President's questions raised in the attached memorandum[1] lie in the purpose behind General Donovan's appointment. Before he left I had a long and private talk with him and told him that his initial missions were:

(a) To sell himself thoroughly to the Thai Government, which still harbors some latent misgivings because of his past association with Pridi;

(b) To gather together quietly under his personal direction and coordination the activities and money spending by FOA, USIA, and . . . ;

(c) To insure that these three agencies operate in close . . . coordination with the stepped-up Military Mission which, as you know, is being headed by a senior Major General;[2] and

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[1] *Supra.*

[2] Maj. Gen. William N. Gillmore, Chief of the Military Assistance Advisory Group in Thailand and Chief of the Joint Military Mission to Thailand. General Gillmore's functions in the latter role were outlined in telegram 424 to Bangkok, Aug. 28, which stated that he would, subject to the Embassy's guidance, negotiate with the Thai Government on the terms of reference and status of a proposed mission to be established thereafter. He would also serve in a special advisory capacity as outlined in the Department's *aide-mémoire* of May 6 and accepted in the Thai Embassy's

Continued

In other words, Donovan as the Ambassador and the senior American official is quietly to assume command and direction. He understands this and has been over with me the NSC directive,[3] which was pretty close to final form at the time he left. I will be in personal communication with him on matters other than ambassadorial duties.

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aide-mémoire of May 19 (see footnotes 1 and 2, Document 393). These functions were not to be publicized to avoid speculation and possible embarrassment to the Thai Government. (792.5 MSP/8–2853)

[3] Reference is presumably to PSB D–23, *infra*.

No. 403

790.5/9–1453

Paper by the Psychological Strategy Board[1]

[Extract]

TOP SECRET
PSB D–23

WASHINGTON, September 14, 1953.

U.S. PSYCHOLOGICAL STRATEGY BASED ON THAILAND

References: NSC Action No. 884[2]
NSC Action No. 900[3]

SUMMARY OF PSB D–23, "U.S. PSYCHOLOGICAL STRATEGY BASED ON THAILAND"

I. Mission

To determine the psychological implications and consequences of communist strategy in Thailand and adjacent areas, and to establish a sound U. S. psychological strategy based on Thailand.

II. Conclusions

1. Communist expansionist activity threatening Thailand and adjacent areas is growing in potency. Developments in communist strategy in the area constitute a threat to Thailand which must be met rapidly by the Thai authorities with an effective political-psy-

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[1] The summary portion of this paper was approved by the National Security Council on Sept. 9; see Document 400. A note by George A. Morgan, Acting Director of the Psychological Strategy Board, Sept. 14, attached to the source text, indicates that the paper includes the sentence which the National Security Council added in approving the summary portion.

[2] See footnote 4, Document 398.

[3] See footnote 9, Document 400.

chological program backed by increased military preparations, or the people of Thailand may accommodate themselves to communist pressures, and all Southeast Asia may be placed in jeopardy without overt intervention by the Chinese Communist armed forces.

2. A French policy toward Indochina in accord with the aspirations of the Associated States must be considered a major factor in the overall effectiveness of the resistance effort based in Thailand. Conversely, expanded U.S. programs for strengthening Thailand could assist in making our effort with the French more effective, and would support Indochina by maintaining Thailand as an important flank and secondary base. However, Indochina remains the principal theater of resistance to communist pressure in Southeast Asia, and consequently U.S. assets and resources cannot be diverted therefrom.

3. Subject to the above:

a. Thailand's political and geographic circumstances make feasible the initiation and development there of substantial U.S. psychological operations designed in the first instance to reduce Thailand's vulnerability to communist pressures.

b. U.S. support and activation of Thailand-based psychological operations must utilize and exploit fully the normal channels of contact with native elements by placing highly qualified individuals in important posts in Thailand and utilizing every suitable operation to prepare the minds and emotions of the people to collaborate in the effort; this support must relate to synchronized . . . efforts including assistance to the Thai Government in its conventional military preparations and expanding its para-military operations.

4. Thailand's economy, basically agricultural, is at present strained by measures necessary for the national security. This situation, occurring at a time when increased communist pressure is imminent, calls for economic aid and programs at approximately the level of FY '53 at least, to support beneficial long-range projects, and to reduce the danger of dissidence in northeast Thailand.

5. Through the stimulus of appropriate psychological programs, the ethnic bonds of the Thai peoples scattered through Thailand, Laos, Cambodia, Vietnam, Burma, and China may be able to contribute at the proper time to the psychological and military effort to prevent communist expansion and weaken its focal centers in China, Indochina, and elsewhere.

6. The proposed expansion of U.S. activities based on Thailand is feasible in the light of that country's capabilities, providing emphasis is placed initially on reducing Thailand's vulnerabilities, consequently the recommended psychological strategy plan should be divided into two phases:

Phase I

Programs aimed at strengthening Thailand's will and ability to resist communist aggression or subversion, with only such necessary supporting programs in the information field in adjacent areas as are consistent with the existing pattern of inter-Allied relationships;

Phase II

Expanded para-military and other programs beyond the borders of Thailand, to be launched if circumstances warrant, including acquiescence, where appropriate, by the French, the British, and the Southeast Asian Governments involved. In projecting U.S. leadership, however, we must work with and through indigenous leadership wherever possible.

III. Proposed Psychological Strategy Plan

1. *Phase I*—In coordination with U.S. military assistance programs, consolidate Thailand as a secure base, by increasing its stability and making its frontiers more defensible.

a. *Psychological Objectives*

(1) Stimulate, crystallize, maintain, and coordinate the active resistance in Thailand to communist aggression, subversion, and oppression.

(2) Throughout all of Southeast Asia maximize the favorable aspects, and minimize any unfavorable aspect, of U.S. support to Thailand.

(3) Development of the common interests of the people of the area on the one hand and the U.S. on the other in sound and steady economic, political, and social advancement as the firmest basis for cooperation of all kinds.

b. *Basic Tasks*

(1) Maintain at approximately the present scale, and possibly increase beyond the FY '52 and FY '53 level, the economic aid and technical assistance program.

(2) Wherever possible in cooperation with local governments and making use chiefly of indigenous outlets, develop or expand U.S. overt information programs directed to Thailand and the adjacent area.

(3) Tactfully, and on a realistic basis, induce the Government of Thailand to carry out measures intended to reduce Thai vulnerabilities to communist subversion.

(4) Assist the Thai Government to develop, expand, and accelerate to the greatest extent sound programs for indigenous guerrilla and para-military forces capable of effective active defense against communist invasion and infiltration of Thailand.

(5) Stimulate and support effective overt and covert information activities of the Thai Government in support of objectives compatible with national policy.

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(7) Strengthen and make obligatory educational courses for all official U.S. personnel, designed to give them a background of the

history, culture and languages within which they will work in Southeast Asia, particularly Thailand, Laos, and Cambodia.

(8) Encourage the Thai Government to strengthen orientation programs for indigenous military personnel, and suitable information programs for the general public, taking into account local cultural attitudes.

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2. *Phase II*—Utilization, if and when conditions warrant, of Thailand as a base, on the understanding that before Phase II becomes operable it will be reviewed and the views sought of the appropriate American Embassies, of the Southeast Asian Governments involved, particularly Thailand, and of the British and French Governments which have a large interest in the implications and possibilities of such a plan. The decision to initiate Phase II shall be made by the National Security Council upon recommendation by the Operations Coordinating Board.

a. *Psychological Objectives*

(1) As in Phase I, with the additional objective as follows:

(2) When the Thailand base has been adequately strengthened, and other conditions permit, extend U.S. influence—and local acceptance of it—throughout the whole of Southeast Asia, associating it as closely as possible with appropriate indigenous anti-communist and non- communist forces so as to increase the national self-confidence of these forces, thus gradually creating a climate of victory. It is recognized that Southeast Asia is not a political entity but that each nation is an entity basically different from the others and requires special treatment.

b. *Basic Tasks*

(1) Develop overt . . . information programs in furtherance of objective 2.a.(2) above, and continue the programs specified in Phase I.

(2) Amend overt . . . information programs and activities as above to correspond with the preceding.

(3) Extend programs for guerrilla and para-military forces composed of Thai and related groups.

[Here follows the full-length paper, "U.S. Psychological Strategy Based on Thailand," of which the above is a summary, and two annexes: Annex "A", consisting of SE–45 (Document 395), and a Financial Appendix.]

No. 404

792.5 MSP/9–3053

Memorandum by the Chief of the Joint Military Mission to Thailand (Gillmore) to the Joint Chiefs of Staff[1]

TOP SECRET BANGKOK, 30 September 1953.

Subject: Report of the Joint Military Mission to Thailand

1. Submitted herewith is the report of the Joint Military Mission to Thailand, established by JCS 1992/223, "The Situation in Indochina and Thailand", 3 June 53, and implemented by Letter of Instructions, Office of the Assistant Chief of Staff, G–3, Operations, 7 August 53.[2]

2. This report is submitted in order to provide information on the present status of the Mutual Defense Assistance Program for Thailand; and in order to provide recommended provisions for inclusion in the Terms of Reference for an expanded advisory group to this country, for which the title Joint U.S. Military Advisory Group (JUSMAG), Thailand is proposed.

3. In addition to proposed Terms of Reference, Chapters VI and VII of this report contain recommendations as to composition of the mission and support required. It is requested that these recommendations be approved for planning purposes in order to expedite necessary implementing action by the applicable agency upon receipt of formal supply and personnel requests. These requests will be submitted with complete detail to the appropriate service as soon as they can be prepared.

4. This Mission has concluded that:

a. The Thai Armed Forces at present have a low overall effectiveness;

b. The matériel program for Thailand is generally adequate, but that to effectively incorporate this matériel into the Thai services so as to produce balanced, strong forces an intensive US-assisted training program which will provide qualified advisors at levels from the Ministry of Defense through major combat echelons is urgently needed.

c. Such a program could more than double the Thai military strength within one year, and within two years the program could be substantially complete.

5. The present government of Thailand is completely controlled by a group of military officers which seized control of the govern-

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[1] A copy of the report was sent to the Department of State with a covering memorandum from Maj. Gen. C.D. Eddleman, Assistant Chief of Staff, G–3, U.S. Army, Oct. 28.

[2] Neither printed.

ment in 1947. This group holds all the principal positions within the Army, Navy and Air Force. In order to insure their retention of control of the civilian government these same military officers have in all cases assumed civilian government responsibilities which include cabinet positions. In addition, these persons have used their position of power to assume many and varied commercial interests to enhance their financial status.

6. The end result of this is that the principal military commanders and their staffs can devote but a small portion of their time and energy solely to the military situation. Further, they are reluctant to delegate any authority for fear the delegation will result in usurpation. This state of affairs constitutes one of the greatest obstacles to creating an efficient military establishment in Thailand.

7. Its remedy at the present time cannot be foreseen, since the present government came into being by coup and they have no intention of delegating any authority or power which might result in their being displaced by a similar coup.

8. In order to accomplish the program indicated in paragraph 4 above, considerable study has been devoted to discovering the most economical utilization of U.S. personnel. These studies have resulted in a minimum requirement, in addition to personnel presently authorized, as follows:

Army: 51 officers; 3 warrant officers; 85 enlisted men; 1 civilian
Navy: 4 officers; 9 enlisted men
Marine Corps: 1 officer; 3 enlisted men
Air Force: 4 officers; 6 enlisted men

9. Approximately three-fourths of the additional Army personnel should come to Thailand without dependents (one year tour), since they will be stationed at and operate from the more remote of the approximately twenty posts occupied by the Thai Army. Living conditions in these areas are not suitable for American families nor is housing available. This personnel should arrive in Thailand by 15 November 53. Chapter VI contains additional details on the personnel requirements for operating this program.

10. Under the heading "Support Required" in Chapter VII, recommendations, in addition to those for personnel, are made for the following·

a. A small common-use program aimed primarily at developing at a faster rate the lines of communication in Thailand. Without this accelerated development the capability of the Thai forces to deploy or concentrate and to move equipment will remain seriously limited. The Thai Government is attacking this problem, but, because of economic difficulties, is restricted to a long term approach.

b. A radio communication system for the advisory group in order that the advisors in outlying areas can be properly directed and coordinated in their activities. A communication net of this nature would be essential, in case of an invasion of Thailand, in providing intelligence and in furnishing operational advice to the Thai. It is emphasized that this equipment is not in addition to total quantities programmed but merely involves early delivery of radios which could later be turned over to Thai units programed to receive the them.

c. One additional L–20 aircraft, in addition to the present C–47 and the one L–20 which has been authorized but not yet received. These aircraft furnish the advisory group the capability of providing mobile training teams for all three services and in this manner reducing the total requirements for personnel, particularly in the technical and specialist fields.

d. An Army Post Office or Branch in order to facilitate the handling of both official and personal mail.

11. The first paragraph of my Letter of Instructions refers to "the provision by the United States of a military mission to Thailand to assist Thailand to develop the capability and will to resist the Communist threat to that country." Concerning that portion of the sentence which relates to "will to resist" I believe as long as the present government remains in power it may be assumed that this "will to resist" is present in the heads of the government since a change to a communistic form of government would sweep the present government officials from the power and financial position they now enjoy. So while in effect we are assisting a ruthless military oligarchy maintain its position, we can be reasonably assured of its "will to resist Communism."

12. One member of the Mission accompanying me from Washington was Lt. Col. Melvin R. Blair, Office of the Chief of Psychological Warfare. Lt. Col. Blair has prepared a report[3] on the Thai capabilities and potentialities as regards psychological and unconventional warfare. In the course of preparing his report Lt. Col. Blair contacted and discussed the problems involved with officials of the Thai National Police and interested U.S. representatives in Thailand. Since this matter is a distinct one from that covered in the attached report, it was not reproduced and submitted as a part thereof. One copy of Lt. Col. Blair's report has been retained in MAAG; other copies were hand-carried to Washington after having been shown to interested personnel of CINCPAC staff in Hawaii.

13. The attached report has not been shown to any Thai officials. It has been discussed with the U.S. Ambassador who concurs in the recommendations.

14. It is requested that the Terms of Reference proposed in the attached report be approved and that I be authorized to complete,

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[3] Not printed.

in collaboration with the U.S. Ambassador, negotiations with the Thai Government.

15. It is further requested that the additional recommendations in Chapter VII be approved for planning purposes.

[Enclosure]

Report of the Joint Military Mission to Thailand

[Here follow the first six chapters of the report which describe the activities of the Joint Military Mission, the Mission's first meeting with the Special Committee of the Ministry of Defense, the Thai armed forces, the structure and functioning of the Military Assistance Advisory Group in Thailand, and the proposed composition of the new advisory group.]

CHAPTER VII

SUMMARY OF MAJOR CONCLUSIONS AND RECOMMENDATIONS

Section 1—Major Conclusions

1. The overall capabilities of the Thai Armed Forces to maintain internal security is barely adequate; and to resist external aggression is inadequate. These capabilities are increasing slowly, but in view of the seriousness of the existing threat and considering the value of U.S. matériel already invested in the Thai Armed Forces, a much more rapid development of capabilities additional U.S. personnel to serve as advisors rather than any appreciable increase in U.S. matériel is required. This additional personnel could be provided at an insignificant cost to the U.S. contrasted with the matériel investment already made.

2. The Government of Thailand is presently committed to an anti-communist program. The maintenance and strengthening of this program and the development of a stronger "will to resist" among the leaders and people of the country is dependent upon and varies directly with the ability of the Armed Forces to defend Thailand successfully. It is further inseparably related to the confidence which the Thai have in U.S. support of their position.

3. The following conditions now existing in Thailand are favorable and will tend to increase the effectiveness of an expanded U.S. training and advisory program:

a. The Thai like and respect Americans. The presence of U.S. personnel in their country is considered by them to be not only acceptable but desirable.

b. The Thai economy is reasonably strong and comparatively wealthy by oriental standards. The dangerous conditions of abject poverty, population pressure, anti-colonialism and hatred of the white man, so common in most of the orient, are largely absent in Thailand.

c. The Thai Government is pro-Western and particularly pro-American. The leaders are ready to work as openly and as frankly with Americans as is possible under the existing form of government. The Prime Minister (Minister of Defense) and his top military commanders have agreed, in the course of the negotiations undertaken by this Mission, to accept U.S. advisors at all levels and to accord them complete cooperation.

d. The Thai Armed Forces are eager to adopt and learn U.S.-recommended procedures. In spite of the varied military background and education of the officer corps, they are unanimous in accepting the superiority of U.S. methods and techniques.

4. The following unfavorable conditions, now existing in Thailand, must be considered as deterrents to full and rapid accomplishment of U.S. objectives:

a. The political situation with its delicate balance and the ever-present possibility of coups absorbs so much of the time and effort of the country's leaders that relatively little of their attention can be given to non-political development of the armed forces. There might also be a tendency to temporize and negotiate with an enemy were U.S. advice and influence not immediately available.

b. An overthrow of the present government while not at present considered probable is an eventuality that must be considered. There is reason to believe that any change in government, unless supported by force from outside Thailand, would not result in important change in the Thai orientation against communism.

c. The character of the Thai is such that any program requiring vigorous, resolute, cooperative action is certain to progress at a slower rate and to a less perfect completion than would be true among more progressive and energetic people.

5. Upon full and deliberate consideration, and based on all information available to this Mission, the chances for success of such a program as is recommended in this report seem excellent. The present time appears most opportune both materially and psychologically for the vigorous assertion of U.S. interest in this area. The costs of the program when compared with the investment already made and the benefits to be gained are considered to be reasonable.

Section 2—Major Recommendations

1. It is recommended that the Joint Chiefs of Staff approve as a matter of priority the proposed Terms of Reference (Annex K).[4]

2. It is recommended that the Joint Chiefs of Staff approve as a matter of priority the negotiations conducted by the Mission (Chap-

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[4] None of the annexes is printed.

ters II and IV), and authorize the finalization, in collaboration with the U.S Ambassador, of tentative agreements already reached.

3. It is further recommended that the Joint Chiefs of Staff approve the following for planning purposes and so indicate to the Departments of the Army, Navy, and Air Force:

a. Proposed composition of the JUSMAG as indicated in Chapter VI of this report.

b. Additional support required for the JUSMAG as indicated in Annex L of this report.

No. 405

792.5 MSP/12-753: Telegram

The Chargé in Thailand (Parsons) to the Department of State

SECRET BANGKOK, December 7, 1953—3 p. m.

1139.

Part I of IV.

Ambassador Donovan left December 4 for Tokyo en route Washington where expects arrive mid-December. He carrying joint Embassy, STEM, USIS, MAAG analysis current Thai situation and recommendations additional US action required implement NSC policy Thailand.[1] Summary being sent four separate messages.[2] This message includes summary appraisal military, economic and political-psychological situation Thailand today. This appraisal outgrowth three months intensive study by Ambassador and staffs four missions here.

Military: Capability Thai armed forces maintain internal security barely adequate. Capabilities increasing slowly but existing threat further Commie infiltration and ever present possibility invasion make more rapid development strengthen these forces mandatory.

Thai anti-Commie program and "will to resist" depend upon ability of armed forces defend Thailand successfully and American willingness support. Task more difficult US since Thai Government needs be alert possible overthrow Government from within; however, appears improbable at present. Doubtful any new Government unless supported by outside force change basic attitude toward US. But any Thai Government might be forced negotiate with enemy unless US advice and influence available.

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[1] The report carried by Donovan has not been found in Department of State files.

[2] For the other three parts of the summary, see *infra* and Documents 407 and 409.

Past investment coupled psychological advantage present time provides propitious timing assertion US interests. Accomplishment Thailand determine US position SEA. In even failure appears nothing prevent Communism taking over entire area.

Economic: Continuing deficits balance payments and budget causing loss foreign exchange indicate inability Thailand continue present level military preparedness more than two to three years.

When economy easier could convince Thailand our interest their welfare with relatively small aid programs. Now with rough economic road ahead and increased potency Commie expansionist activity threatening Thailand through infiltration and creation political unrest bordering countries Thai seek more concrete deeds US.

Must choose between (1) maintaining present level support in knowledge certainty deterioration Thai effectiveness as ally or (2) anticipate critical situation and supplement present efforts soonest.

Political-Psychological: Must strengthen "will and ability of Thai people resist Commie aggression", either overt or covert. Although cannot preclude possibility military attack, covert activities greater danger at present.

Thai autonomous state posed [*poised*?] for appeal Thai within and outside country, Shans report active Commie agents village Burma. Agents in numbers found operating North and Northeast Thailand. French report several thousand agents left in Laos after withdrawal Viet Minh last spring.

Discovery Commie articles written Chulalongkorn University and Commies among Buddhist priests have awakened Government need more rigorous and organized efforts expose and halt infiltration.

Following action recommended by US Ambassador and adopted by Thai Cabinet: Establish board under chairmanship Prime Minister develop political-psychological program carried out by Thai with liaison US Ambassador and selected members US missions in Thailand. Program designed disclose aims and techniques of Communism through press, church, universities, youth groups, radio, military indoctrination and cultural groups and provide most intelligent basis fight aggression.

PARSONS

No. 406

792.5 MSP/12-853: Telegram

The Chargé in Thailand (Parsons) to the Department of State

SECRET BANGKOK, December 8, 1953—1 p. m.

1149. Re Embtels 1126, December 5,[1] 1139, December 7.

Part II of IV—STEM.

This message includes summary recommendations for STEM in paper Ambassador Donovan carrying.

Recently approved NSC policy statement[2] provides STEM program larger than allocated for 1954 and larger than being considered for 1955.

Recommend additional operations in nature military support in view political unrest adjacent countries and decreasing Thai financial reserves.

Recommended program requires $8,850,000 in addition to funds allocated 1954 with following breakdown (in thousands of dollars).

Health projects $720, includes NE wells, hospital equipment and facilities and rural health with both psychological and military significance.

Highways $7,500 for highway Saraburi-Korat-Banphai of high strategic military significance.

Air transport $365, meteorological equipment, supplies and air navigation aids of high military significance.

Telecommunications $40, a survey to plan system needed for military use.

Waterways amount undetermined, survey in process; should include in 1955.

Vocational training for military personnel $75, to expand operations, train military personnel at institute of high military significance.

Documentary films $150, to inculcate additional "will to resist."

In addition need furnish fiscal advisors inquire into use funds and material furnished. At same time, should bargain more before extending aid, that is, aid for individual projects should be extended only after agreements on satisfactory practices.

PARSONS

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[1] Not printed.

[2] Reference is presumably to the NSC-approved portion of Document 403.

No. 407

792.5 MSP/12-953: Telegram

The Chargé in Thailand (Parsons) to the Department of State

SECRET BANGKOK, December 9, 1953—5 p. m.

1168. Reference Embtel 1139.[1]

Part III of IV—USIA.

This message includes summary recommendations for USIS carried Ambassador Donovan.

USIS program coverage requirements include adjacent areas as approved NSC.[2] New Thai political-psychological efforts require USIS support (see reference telegram). Need continue publicize accomplishments United States emphasize Communist threats and emphasize joint efforts United States with peoples SEA preserve freedom and cultural integrity.

Accomplishment program depends designation competent personnel and provision adequate funds. Need $1.25 million recommended recent NSC action[3] as minimum. Also need increase personnel.

Specifics recommended program include (1) propaganda offensive against infiltration from Thai autonomous state, (2) informing Thai of threat to monarchy, religion, tradition of independence, (3) develop method of dealing with Vietnamese refugees Thailand, (4) aid Associated States exposing Viet Minh threat SEA using cultural ties Laos, Cambodia and Thai, (5) expand Chinese program in Thailand.

PARSONS

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[1] Document 405.

[2] Reference is presumably to the NSC-approved portion of Document 403.

[3] This figure was recommended in the Financial Appendix to PSB D-23, not printed. The National Security Council did not approve the Appendix, however, but deferred decision on the question of seeking additional funds; see Document 400.

No. 408

792.5 MSP/12-1153: Telegram

The Chargé in Thailand (Parsons) to the Department of State

SECRET BANGKOK, December 11, 1953—4 p. m.

1179. For Ambassador Donovan. Due numerous holidays here able hold first conversation Kharb Kunjara[1] and Gillmore only December 9. Kharb would promise full translation material handed you night before departure not before December 12. With time required transmission doubtful available Washington before Christmas, if then. Kharb's oral translation in discussion indicates request covers cost full Thai aspirations completely equip plus one year operation maintenance of agreed MAAG—Thai Armed Forces plus few military units not agreed. Total cost request appears neighborhood baht 4 billion (approximately $250 million).

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[1] Secretary to the Prime Minister.

Gillmore suggests:

(1) Program this scope would require new concept MDAP and place United States in position principal provider for Thai defense budget.

(2) Program is quickly assembled requests with no coordination or audit exercised at Department Defense level.

(3) Majority items can be produced purchased locally by Thai Government including housing, swimming pools, clothing, etc., which contrary MDAP regulations.

(4) Not in agreement since consider Thai Government capable performing these functions itself.

(5) This type assistance would accomplish reverse MDAP objects make them more dependent.

(6) Advise Ambassador Donovan determine if MDAP Thailand can be augmented in scope funds and to what degree and amount.

(7) Upon receipt reply, we in position audit request and program such items included revised MDAP.

PARSONS

No. 409

792.5 MSP/12-1153: Telegram

The Chargé in Thailand (Parsons) to the Department of State

SECRET BANGKOK, December 11, 1953—5 p. m.

1186. Reference Embtel 1139, December 7.

Part IV of IV—MAAG.

This message summarizes MAAG recommendations carried Ambassador Donovan.

Concur recommendations General Gillmore to JCS.[1] Particularly anxious (1) for despatch psychological warfare officers due their relationship other political-psychological program approved Thai (see reference telegram) and (2) attempt through MAAG install competent United States budget officers Thai military departments.

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[1] Reference is to the Report of the U.S. Joint Military Mission to Thailand, attached to Document 404.

Recommend furnish "soft" goods—clothing, shoes with approximate total cost $2.5 million.

PARSONS

No. 410

792.5 MSP/12-1853: Telegram

The Chargé in Thailand (Parsons) to the Department of State

SECRET BANGKOK, December 18, 1953—4 p. m.

1246. For Ambassador Donovan. Reference urtel 1199.[1] In discussion with General Gillmore and me Kharb explained new request would regroup Thai Army into divisions. Not clear whether request will be for four or three divisions. Gillmore explained Thais have sufficient manpower for three divisions but either request would require action JCS.

Kharb stated present economic situation Thailand leaves Thai Forces more dependent on aid. We explained any additional financial request requires action FOA Director. We also pointed to need for careful scrutiny Thai budget to determine less essential expenditures which could be cut to enable continued support defense effort.

Kharb concluded request necessitates further study and that no hopes transmitting to Washington during your stay. He plans revise request and transmit officially through Foreign Office to Embassy if Cabinet decides upon official action.

PARSONS

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[1] Telegram 1199, Dec. 14, was Donovan's reply to Document 408. It stated that the Thai Government should prepare a proposal within the limitation of established regulations and of Defense approval and that, since Donovan assumed the new proposal could not be completed for several weeks, he was proceeding within the present arrangement. (792.5 MSP/12-1153)

No. 411

792.5 MSP/12-2453

Memorandum by Frederick E. Nolting, Jr., Acting Special Assistant to the Secretary for Mutual Security Affairs, to the Assistant Secretary of Defense for International Security Affairs (Nash)

SECRET WASHINGTON, January 15, 1954.

Subject: Thailand Highway to Northeastern Plateau.

Ambassador William J. Donovan has requested that approval be sought for the construction, under FOA supervision, of an urgently needed segment of highway in Thailand which would link the central plains system with that of the area adjacent to the scene of Viet Minh aggression in Laos. The only connecting link at present is an inadequate single-track railroad. This segment of proposed highway is included in the five-year Thai Government highway scheme but several years would elapse according to the plan under discussion between the Thai Government and the International Bank before it would be constructed.

There is attached a joint Embassy-STEM-MAAG message from Bangkok, No. 1280,[1] which selects this section from the general highway scheme for immediate construction, stating that the absence of this highway section could seriously endanger successful military operations in northeastern Thailand and that U.S. construction of this highway would provide greater psychological impact than any other possible project to encourage Thai willingness and ability to resist Communist aggression.

In a committee discussion of this subject at FOA on December 29, 1953, Ambassador Donovan stated that he had discussed the project with you and had reached an understanding that if State approved for political and psychological reasons and then sought the views of Defense, you would be prepared to support the construction of the highway for military reasons. At this time FOA desires the approval of the Departments of State and Defense for planning purposes, as construction should be launched during the current dry season if the project is finally approved.

The Department of State has studied the question and has approved the project for planning purposes, the substantive details to be developed by FOA and Defense. It would be appreciated if you would consider the project from the point of view of Defense and indicate your views both to State and FOA.[2]

FREDERICK E. NOLTING, JR.

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[1] Not printed. (792.5 MSP/12-2453)

[2] Vice Adm. Arthur C. Davis, Director of the Office of Foreign Military Affairs, replied in a memorandum to Nolting, Feb. 1, that the Department of Defense considered that the construction of the highway would enhance Thailand's military capability and hence supported the proposal, subject to the understanding that the funds were available to the Foreign Operations Administration and would not be diverted from funds programmed for military end-items. (792.5/2-154)

No. 412

Editorial Note

For text of NSC 5405, "United States Objectives and Courses of Action With Respect to Southeast Asia," January 16, 1954, which deals in part with Thailand, see Part 1, page 366.

No. 413

Bangkok Embassy files, lot 57 F 139

The Under Secretary of State (Smith) to the Ambassador in Thailand (Donovan)

SECRET WASHINGTON, January 25, 1954.

DEAR BILL: The question that you raised in your letter of January 8,[1] after talking with the President, regarding assurances which we might give the Government and the King of Thailand in the event of an invasion by the Communists is essentially the common question of what our Government will do when a friendly nation is attacked by Communists. The Secretary expressed the views of our Government on this subject in an address (copy enclosed) before the Council on Foreign Relations in New York City on January 12,[2] following your departure for Bangkok.

When we attempt to put out every fire built by the enemy at a time and place chosen by him we proceed from emergency to emergency with the initiative in the enemy's hands. In the Secretary's address he stated, "The way to deter aggression is for the free community to be willing and able to respond vigorously at places and with means of its own choosing". He also said, "Local defense will always be important. But there is no local defense which alone will contain the mighty land power of the Communist world. Local defense must be reinforced by the further deterrent of massive retaliatory power".

In connection with Thailand, it is important in your conversations with the Government and the King to point out that aggression at some particular place by the Communists, such as at Thailand, need not necessarily be met only or even principally at that point. In the Secretary's address he referred to two areas of conflict, Korea and Indochina, and what he said there has illustrative value which you might use in encouraging the Thai: "This change (that is, a change of policy from fighting the enemy on an emergency basis, letting the enemy pick his time and place of warfare, to a policy of responding vigorously to aggression at times and places of our own choosing) gives added authority to the warning of the members of the United Nations which fought in Korea that if the Communists renew the aggression, the United Nations' response would not necessarily be confined to Korea."

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[1] Donovan's letter of Jan. 8, addressed to Secretary Dulles, reads in part as follows: "I talked with the President the other day and he suggested that I talk with you as to a question I raised. It concerned the request for assurances by the government and the Crown of Thailand in the event of an invasion. Our outpost lines in various parts of the world may be looking for that now. I would be very grateful if you would give me your views on such a question." (792.5/1-854)

[2] For text of Secretary Dulles' address, see Department of State *Bulletin*, Jan. 25, 1954, pp. 107-110.

"I have said, in relation to Indochina, that if there were open Red Chinese Army aggression there, that would have 'grave consequences which might not be confined to Indochina' ".

"All of this is summed up in President Eisenhower's important statement of December 26.[3] He announced the progressive reduction of the United States ground forces in Korea. He pointed out that United States military forces in the Far East will now feature 'highly mobile naval, air and amphibious units'; and he said in this way, despite some withdrawal of land forces, the United States will have a capacity to oppose aggression 'with even greater effect than heretofore' ".

In your conversations with the Thai on this subject, after outlining our policy of developing massive retaliatory power as a deterrent to aggressors, it is equally important to underscore Thailand's need to reinforce its local defense as a further deterrent. The Thai should not regard our policy and preparations as an opportunity to relax their own efforts.

I am interested in your proposed trip to Indonesia and will look forward to your comments.

Faithfully,

BEDELL

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[3] For text, see Department of State *Bulletin*, Jan. 4, 1954, p. 14.

No. 414

792.5 MSP/1-2254: Telegram

The Acting Secretary of State to the Embassy in Thailand

SECRET WASHINGTON, February 19, 1954—3:59 p. m.

1646. Your 1524.[1] Saraburi-Ban Phai Highway discussed top level OCB meeting Feb 17 by agencies concerned. Agreed jointly (1) approve for planning purposes principle of highway construction; (2) stronger reasons especially military required to justify high enough priority to secure funds for financing; (3) imperative that Thai Govt also ardently desire highway and accordingly make formal request through usual channels.

SMITH

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[1] Telegram 1524, Jan. 22, conveyed information regarding the estimated costs and procedures involved in the proposed Saraburi-Ban Phai highway. (792.5 MSP/1-2254)

No. 415

790.00/4-954

Memorandum of Conversation, by the Officer in Charge of Thai and Malayan Affairs (Landon)

SECRET WASHINGTON, April 9, 1954.

Subject: United Action Southeast Asian Nations.

Participants: The Secretary of State: The Under Secretary
His Excellency, Pote Sarasin, Ambassador of Thailand
Mr. Kenneth P. Landon, PSA

The Ambassador of Thailand, Pote Sarasin, called on the Secretary and, under instructions from his Government, informed him that the Government of Thailand accepted the invitation to join in arranging for a united front against Communist aggression as proposed by the Secretary,[1] suggesting that the details should be developed in further conversations.

The Secretary expressed his gratification at the prompt and favorable response of the Government of Thailand and immediately called in Assistant Secretary McCardle[2] and made arrangements for a press release.[3]

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[1] See Landon's memorandum of conversation, Part 1, p. 402.

The Thai Ambassador asked the Secretary what the next move should be and he replied that the immediate problem was to secure the agreement of the other states in the area.

The Secretary then referred to his forthcoming trip to London and Paris and said that he would probably return to Washington on Monday the 19th and depart Tuesday the 20th for Geneva. The Thai Ambassador inquired whether he might see the Secretary on that Monday or Tuesday in order to be fully informed of developments at London and Paris. The Secretary replied that he, himself, would probably be too busy but he instructed Mr. Landon to make the necessary arrangements so that the Thai Ambassador might be informed fully on Monday the 19th before he, himself, departed for Geneva on the 20th.

During the preparations of the press release the Under Secretary, General Bedell Smith, came in and asked the Thai Ambassador whether his Government had taken any action in Bangkok in line with their previous conversation regarding the expansion of the Thai Armed Forces.[4]

The Thai Ambassador replied that his Government as yet had not discussed this matter at Bangkok but that he knew the Prime Minister and other high military officials in Thailand strongly favored increasing the Armed Forces from about 60,000 to as much as 120,000; that they had enough small arms; that, however, they lacked both trained men and the necessary financial support for soft goods, barracks, and such things.

The Under Secretary said that he believed the U.S. Government would consider favorably at this time a firm request from the Thai Government through the Chief of JUSMAG, General Gillmore, and the Ambassador, General Donovan, for necessary support and training for an army of about 90,000 men, including funds for soft goods. He added that he had already discussed this with Admiral Radford and other officials in our own military establishment and believed that the same consideration might now be given Thailand that this Government had given other nations in not limiting our aid to hard goods but including also soft goods where necessary.

The Thai Ambassador assured the Under Secretary that he would inform his Government immediately on this subject and believed that prompt action would be undertaken in this respect at Bangkok.

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[2] Carl W. McCardle, Assistant Secretary of State for Public Affairs.

[3] The news of the Thai response was included in a White House press release dated Apr. 10; the text is in Department of State *Bulletin*, Apr. 19, 1954, p. 590.

[4] No record of this conversation has been found in Department of State files.

The conversation ended on a very happy note with mutual congratulations.

No. 416

792.5 MSP/5-854

The Deputy Secretary of Defense (Anderson) to the Deputy Under Secretary of State (Murphy)

SECRET WASHINGTON, May 8, 1954.

MY DEAR MR. MURPHY: Reference is made to your letter dated April 13, 1954[1] which enclosed a memorandum dated March 12, 1954, subject: Additional Aid to Thailand, from Chief MAAG Thailand to Ambassador Donovan.[2]

In considering additional military assistance to Thailand, the problem of availability of funds must be faced. The losses that the FY 1950–54 MDA Program has suffered to non-MDA Programs (over half a billion dollars), the diversion from other countries to increased support of the effort in Indochina, together with the limited funds being requested for FY 1955, almost preclude any large scale buildup in Thailand. Any increase of funds for Thailand can only be at the expense of other country programs.

It is pointed out that the economy of Thailand, while the best of all countries of Southeast Asia, is such that it cannot support a large defense effort from its own resources. Any additional buildup will inevitably create a demand for continuing budgetary support. It would seem that at present the emphasis should be on increasing the quality rather than the quantity of the Thai armed forces. However, the realization of the proposal by the United States to form a collective security alliance in Southeast Asia and the Pacific will, of course, affect Department of Defense views.

This problem of additional assistance to Thailand is being referred this date to the Joint Chiefs of Staff for their review and military advice to the Secretary of Defense. You will be informed of the position of the Department of Defense upon receipt and review of their military advice.

Sincerely yours,

R.B. ANDERSON

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[1] Not printed.

[2] Not printed. (792.5 MSP/3-1254)

No. 417

792.5/5–1054: Telegram

The Ambassador in Thailand (Donovan) to the Department of State[1]

TOP SECRET BANGKOK, May 10, 1954—3 p. m.

2242. Carrying out instructions to me that action be taken and recommendations submitted which would strengthen defensive position Thailand by reason deterioration military situation Indochina, I strong recommend following:

1. That US, as quickly as may be done, negotiate a leased base agreement similar that used England and deploy one F 84G fighter wing to Thailand. This unit could be rotated periodically on tdy basis as presently utilized by SAC.
2. That Korat be prepared as the immediate base site because it can be readied at minimum effort and expense; it also could effectively utilize proposed Saraburi-Korat-Bang Phae highway.
3. That another base be built soonest in Kra Peninsula so that effective base for air operations be available within present defense plan in event enemy invasion Thailand.

Adoption these proposals by us would:

a. Be most decisive kind of assurance Thailand will not have to face Chinese threat alone and would demonstrate US willingness and ability furnish substantial aid to Thailand and free nations of Asia event of Communist aggression.
b. Serve as positive warning to enemy while having maximum psychological impact in strengthening Thailand will to resist.
c. Increase allied combat potential by doubling number tactical aircraft in Thailand.
d. Provide strategic bases for USAF units in Southeast Asia.
e. Stimulate development modern air facilities in Thailand for future use.
f. Maintain confidence in US Asian position should FIC crisis deepen. While technical details must await principal policy decision, we are prepared implement proposals soonest upon approval.

DONOVAN

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[1] Repeated by the Department to Under Secretary Smith at the Geneva Conference as Tedul 62, May 13.

No. 418

OCB files, lot 62 D 430, Southeast Asia—1

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright) to the Deputy Under Secretary of State (Murphy)

TOP SECRET WASHINGTON, May 11, 1954.

Subject: Possible Mutual Defense and Leased Base Agreement with Thailand and Deployment of one F84G Fighter Wing.

Discussion:

Arrangements have been made for you to raise at the OCB meeting of May 12 Ambassador Donovan's recommendations contained in his No. 2242 of May 10,[1] copy attached, that the U.S. Government promptly negotiate a Leased Base Agreement similar to that with England and that one F84G Fighter Wing be deployed for use in Thailand, suggesting that the unit be rotated periodically on a TDY basis as presently utilized by Strategic Air Command; that Korat be prepared as the initial base because of the minimum expense and effort required, and that a second base be built at some point in the Kra Peninsula in event of an enemy invasion of Thailand.

Ambassador Donovan's reasons appear valid that this would:

> (a) Be a decisive kind of assurance to Thailand; (b) serve to warn the enemy; (c) increase allied combat potential; (d) provide strategic bases for USAF units; (e) stimulate the development of air facilities in Thailand; (f) be an indication of U.S.-Thai intentions during the Indochina crisis.

Thailand has repeatedly indicated its desire for a mutual defense agreement. The arrangements for a leased base agreement imply agreement on mutual defense. There is attached a draft treaty of mutual defense,[2] to which has been stapled draft Article V (a) on page 2, providing for bases for U.S. forces in Thailand. This paragraph was drafted separately as it is possible to treat the two subjects of a mutual defense treaty and a leased base agreement separately. With respect to Thailand and the urgency of the present situation, it seems preferable to combine the two. If this were done agreement would have to be reached subsequently on the location of the bases and legal jurisdiction over American personnel. The negotiation of this subsequent agreement might require considerable time because of the technical questions involved.

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[1] *Supra.*

[2] Not printed.

Recommendation:

That you propose to OCB:

1. That the U.S. Government negotiate a mutual defense and leased base agreement with Thailand and the deployment of one F84G Fighter Wing;
2. That agreement subsequently be reached with Thailand on the location of the bases and legal jurisdiction over American personnel;
3. That, if you approve of recommendations 1 and 2, you sign the attached telegram to Bangkok.[3]

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[3] Telegram 2221 to Bangkok, May 11, informed Donovan that his recommendation was being referred to the Operations Coordinating Board and instructed him to expedite arrangements for initiating the proposed Saraburi–Ban Phai highway, which had been delayed, according to the Department's understanding, by the lack of a formal request by the Thai Government together with substantive specifications. (792.5/5-1054)

No. 419

711.56392/5-1354: Telegram

The Secretary of State to the Under Secretary of State (Smith), at Geneva[1]

TOP SECRET WASHINGTON, May 13, 1954—1:05 p. m.

Tedul 61. Limit distribution. Reference Bangkok's 2242 repeated Geneva Tedul[2] recommending negotiation leased base agreement with Thailand and deployment F84G Fighter Wing.

This question discussed OCB May 12 and agreement reached, which approved by Secretary, that immediate informal exploration subject should be made with Thai Govt. Subsequently Radford requested that Joint Chiefs be given three or four days to study question, and we are informed Radford entertains strong reservations regarding advisability allocating above-mentioned aviation equipment to Thailand and "immobilizing it" there. Joint Chiefs currently studying this question in conjunction possible increase Thai Army ninety thousand and construction Saraburi–Ban Phai Highway, viewing these developments in terms total situation and availabilities both military and financial. Consequently, will delay approach Thai Govt pending conclusions Joint Chiefs. This subject will probably also be discussed NSC early date.

Desire have benefit your views leaving to you decision whether desirable discuss informally with Thai Foreign Minister at Geneva.

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[1] Repeated to Bangkok as telegram 2227.

[2] Document 417.

In this connection on May 11 Chief of Thai General Staff[3] Bangkok was reported by press to have offered in behalf his Govt to grant military bases in Thailand to free world specifying that prior agreement on terms and conditions should be reached with nations concerned. Bangkok Embassy has not confirmed as yet.

DULLES

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[3] Gen. Dej Dejpradiyudh, Chief of Defense General Staff.

No. 420

711.56392/5-1454: Telegram

The Under Secretary of State (Smith) to the Department of State[1]

TOP SECRET PRIORITY GENEVA, May 14, 1954—2 p. m.

Dulte 69. Pass Defense. Reference: Tedul 61.[2] I think it is highly important and desirable in view of current discouraging outlook in Indochina situation both military and political that favorable and early action be taken to exploit Thailand possibilities along lines indicated by reported Thai offer and in Bangkok's number 2242.[3]

With regard to fighter wing, it seems to me that the important thing is to have a base and maintenance facilities in Thailand. Wing itself need not be "immobilized" here. It could have alternate station, and in any case air mobility is such that rotation of fighter wing in Thailand would not necessarily immobilize it. I believe that any move toward providing air power in Thailand would have great effect. The morale factor of air bases and planes as against air bases alone is of highest importance.

Overriding point is that we now have no air base in Southeast Asia and that potentialities of acquiring air facilities there could well be enormous, particularly since Philippine facilities have geographical and possibly political handicaps.

Thai Ambassador is seeing me today. I believe his purpose is to discuss strengthening of Thai potential and this will probably include the matter of air bases. I intend to discuss these matters with him in general and informal terms as authorized in Tedul 61. I shall report results. Incidentally, Eden[4] is highly pleased that Burma, which was taking a very negative position short time ago, is now rapidly climbing back on the band wagon. He urged me yesterday to push on with Thailand as fast as we could.

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[1] Repeated to Bangkok by the Department as telegram 2252.

[2] *Supra.*

[3] Document 417.

[4] British Foreign Secretary Anthony Eden. Smith's May 13 conversation with Eden was reported in Dulte 66 from Geneva, May 13, Part 1, p. 481.

SMITH

No. 421

Secretary's Memoranda of Conversation, lot 64 D 199

Memorandum of Conversation, by the Director of the Office of Philippine and Southeast Asian Affairs (Bonsal)

TOP SECRET GENEVA, May 14, 1954.

Participants: Pote Sarasin, Ambassador to Washington and Member of Thai Delegation
The Under Secretary
Philip W. Bonsal

Subject: Security Arrangements in Southeast Asia and U.S. Military Assistance for Thailand

Ambassador Sarasin stated that he was interested in getting information on his own behalf and that of Prince Wan regarding progress being made on (a) the development of collective security arrangements in Southeast Asia and (b) measures for strengthening the Thai armed forces. He said he had been informed of the call which the Thai Chargé paid on the Secretary on May 10th in Washington[1] at which time it was the Chargé's impression that progress on the united action concept, at least so far as immediate implementation is concerned, is held up by British unwillingness to go along at this time.

The Ambassador indicated a full awareness of the requirements of the Thai armed forces in the matter of equipment and training. He said that a certain amount of small arms had recently been received. He said that the Thai Prime Minister is anxious to increase the Thai army from its present strength of between 50 and 60,000 to a total of 150,000. The manpower is readily available but there is the problem of training cadres. There is also a financial problem. The Thai budget currently amounts to $250 million of which the armed forces absorb over $100 million. The Thai financial situation is very tight. This was confirmed by the International Bank recently when it refused to make a loan requested by Thailand because of concern over Thailand's public finances. The Ambassador concluded with an appeal for a statement of the extent to which US assistance might be counted on in developing Thailand's armed forces and improving Thailand's defense position.

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[1] See Landon's memorandum of conversation, Part 1, p. 468.

The Under Secretary replied that while his information regarding programs on military assistance to Thailand was not entirely current, he could state that our JCS have been asked to examine and make recommendations with regard to a program which would include assistance in increasing the Thai army to 90,000; constructing the Saraburi Highway and certain other matters including an air base. The Under Secretary stated that his views had been requested and that he was making favorable recommendations. He said that he thought that ways and means would be found whereby existing resources might be made available to help the Thai Government.

The Under Secretary added that he had most strongly recommended the establishment in Thailand of an air base with fighter planes in the event that the Thai Government should request the installation of such a base. He stressed the top secret nature of this matter and the important part which such a base could play in free world defense of Southeast Asia against aggression.

The Under Secretary stated that, provided the necessary resources could be made available, the concept of assistance to be rendered the Thai Government in military matters would be broad and flexible. It would include financial support in view of the state of the Thai budget and assistance in the construction of housing and presumably in the provision of certain types of infrastructure (roads and air fields). The Under Secretary emphasized also the important assistance which we could render in training Thai officers and noncommissioned officers. He recalled the experience which the US Marine Corps has acquired in the peculiar problems of jungle warfare with modern weapons.

[Here follows discussion of regional security arrangements for Southeast Asia.]

No. 422

Bangkok Embassy files, lot 57 F 139

The Officer in Charge of Thai and Malayan Affairs (Landon) to the Ambassador in Thailand (Donovan)

TOP SECRET WASHINGTON, May 14, 1954.

DEAR GENERAL DONOVAN: Although our exchanges of telegrams and letters have not been numerous since your return to Bangkok I am sure that we have both been very active in pushing forward our various projects. I just had a telephone call from Mrs. Catherine Savage and told her that I had had two telegrams[1] from you mentioning her name and had written her a letter explaining the present status of the Chennault proposal.[2] She appeared to be satisfied.

You asked about the navigational aids costing $600,000. FOA informs me that they have almost completed the technical arrangements and studies necessary and are now in the process of designating the funds so that apparently these aids should be arriving shortly.

I have been in frequent touch with Bill Godell[3] in regard to your numerous projects and some new ones. The suggestion which you made in your No. 2242[4] came at a most timely moment. I arranged the material and provided the background on this for Robert Murphy to discuss with Under [*Deputy*] Secretary Anderson of Defense in an OCB meeting last Wednesday, May 12. At that meeting Anderson and Murphy reached general agreement to sound out the Thai Government. I drafted a telegram to you and to Geneva and then went to Defense to get Anderson's initial of approval. I spent two hours with General Erskine,[5] Bill Godell, about forty minutes with Admiral Radford and another half hour with Under [*Deputy*] Secretary Anderson on this subject and on the general subject of military assistance to Thailand. It seemed to me that Anderson was ahead of his Joint Chiefs in willingness to provide assistance as you requested to Thailand. Admiral Radford had strong personal reservations in desiring not to "immobilize" essential military equipment which he feels will be necessary for the kind of war which he thinks we are heading into. While I was in Anderson's office he got Bob Murphy on the phone and we agreed on the telegram which I then drafted to Bedell Smith at Geneva and to you "Eyes only" on this subject.[6]

I have before me Bedell Smith's reply[7] which, as you could guess, is in hearty support of your recommendation, pointing out the importance of having a base and maintenance facilities in Thailand, not only for practical but for morale purposes. I am arranging to have this telegram repeated to you "Eyes only" so that you will have it before this letter. You will note Eden's remark regarding Burma which seems to be the first optimistic note on the position of that country.

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[1] Neither printed.

[2] The reference is not clear, but it may be to a proposal for an International Volunteer Air Group. The letter has not been found in Department of State files.

[3] William H. Godell, Deputy Director of the Office of Special Operations, Department of Defense.

[4] Document 417.

[5] Gen. G.B. Erskine, USMC (ret.), Director of the Office of Special Operations, Department of Defense.

[6] Document 419.

[7] Document 420.

You doubtless also noted the telegram I sent when your recommendation first came in,[8] in which I wrote that it was urgently desired to move ahead on the highway and suggesting the desirability of shaking the Thai loose and getting them to make their formal request with any further substantive specifications necessary. The Secretary himself raised this point. He further has asked the Thai Chargé as to what is holding up the Thai Government's request for an enlarged Army.[9] The Joint Chiefs are currently studying these questions and it is my impression that they feel that the Thai Army cannot be increased because of the lack of trained commissioned and non-commissioned officers. I suppose, therefore, that the emphasis in General Gillmore's recommendations and in the Thai Government's requests should bear on this aspect of the problem. I have just received a letter addressed to Mr. Murphy from the Deputy Secretary of Defense[10] indicating lack of funds for any large-scale build-up but adding that the Joint Chiefs are studying the question. As you know, anything can be done in Government if you have to do it if the world situation and national policy demands that it be done, so I suppose that even though there are no funds for some of these Thai projects they can be discovered when the urgency is fully realized.

In Washington the Secretary has had several rounds of conversations with the nine Ambassadors of the countries in Southeast Asia whom he hopes to draw into his projected "united action". So he is working with patience on this project.

The question of action regarding Indochina at the United Nations is very active right now and yesterday afternoon there was a large meeting in the Secretary's office to discuss this question. The Secretary is reluctant to have Cambodia take the question before the United Nations because he does not believe that Cambodia is fully independent and, therefore, would lack popular and public appeal. He instructed that the Thai Foreign Minister be sounded out on this question and a telegram went off last night on this subject.[11] As far as I know it was not repeated to Bangkok as it was purely a tentative approach to get the Foreign Minister's personal reaction. If he indicates his willingness to do so, and I doubt whether he would make any such indication before securing the views of the Prime Minister, the next move would be for us once again to sound out the French. In this connection Ambassador Lodge at the United Nations in New York has sent in a very strong and very good telegram[12] pointing up the desirability of bringing the Indochina situation into the United Nations. This telegram may have a decisive effect. At any rate, that is the direction in which we seem to be moving; that is, not depending on Geneva but trying to push ahead with some sort of collective action, first of a political nature, and then probably going to the United Nations. Your telegram in relation to Laos and Cambodia[13] was very helpful and I participated in drafting the reply to you.[14]

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[8] See footnote 3, Document 418.

[9] Reference is to the Chargé's May 10 conversation with Secretary Dulles; see Part 1, p. 468.

[10] Document 416.

[11] Telegram 761 to Geneva, May 13; for text, see vol. XVI, p. 790.

I will write you again in a few days to keep you up to date on the news behind the news. One more thing—the Secretary seems to prefer initially a leased base agreement with Thailand rather than a mutual security treaty, as the former would be an executive agreement while the latter would have to run the gauntlet of the Senate and has much greater implication and involvement inherent in it.

My regards to Howard Parsons.[15] With best personal regards.

Sincerely yours,

KENNETH

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[12] Telegram 721 from New York, May 13; for text, see vol. XIII, Part 2, p. 1554.

[13] Telegram 2255 from Bangkok, May 11, not printed.

[14] Telegram 2229 to Bangkok, May 13, not printed.

[15] Howard L. Parsons, Counselor of Embassy in Bangkok.

No. 423

Editorial Note

For an extract of notes of a conversation on May 14 between the Secretary and Allen Dulles concerning Ambassador Donovan's proposal for a United States airbase in Thailand and the possibility of a security treaty with Thailand, see Part 1, page 485.

No. 424

711.56392/5–1554: Telegram

The Ambassador in Thailand (Donovan) to the Department of State[1]

TOP SECRET
NIACT

BANGKOK, May 15, 1954—1 p. m.

2278. Recommend informal discussion earliest with Thai Foreign Minister, relative establishment fighter-bomber bases in Thailand. Reference Radford's concern over immobilizing aviation unit, believe clarification required. I do not propose establishment major USAF bases here, rather development minimum facilities for field operations USAF fighter-bomber units on rotational basis. Such units would be rotated every 3 to 6 months. Deployment of SAC units annually for periods of 3 months is method used to maintain mobility not to lose it. Some permanent party personnel and small quantity fixed facilities required, however, bulk of equipment and facilities air transportable. It is emphasized that the essential factor is establishment of air base on Thai soil upon which US operating personnel are stationed and from which US fighter-bomber squadron may operate.

Upon his return to Bangkok today Prime Minister told me Thailand is constant in its support of US. He added he had seen and approved statement by his Chief of Defense General Staff referred to final paragraph reference telegram.[2]

DONOVAN

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[1] Repeated to Geneva as telegram 3.
[2] Reference is to Document 419.

No. 425

State–JCS Meetings, lot 61 D 417

Memorandum on the Substance of Discussions at a Department of State–Joint Chiefs of Staff Meeting[1]

TOP SECRET

WASHINGTON, May 21, 1954—11:30 a. m.

[Here follows a list of persons (25) present. The list includes Admiral Radford, Generals Nathan F. Twining, Chief of Staff of the Air Force; Matthew B. Ridgway, Chief of Staff of the Army; and

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[1] The source text bears the notation: "State Draft. Not cleared with any of participants."

Admiral Robert B. Carney, Chief of Naval Operations; Robert D. Murphy, Deputy Under Secretary of State; Lieutenant General Charles P. Cabell, Deputy Director of Central Intelligence; and S. Everett Gleason, Deputy Executive Secretary of the National Security Council. The meeting began with a brief discussion of United States relations with Pakistan.]

Mr. Murphy then raised the question of the aid program to Thailand referring to the possible development of a highway and increase in the Thai army, the development of a militia force and the construction of an air base in Northeastern Thailand. He asked Admiral Radford if the Joint Chiefs had formulated their views on these proposals.

Admiral Radford said a paper was being prepared for the Joint Chiefs which was not yet completed but their present thinking was as follows:

The Joint Chiefs did not favor the construction of an air base. In the first place, this would involve a substantial expenditure of money as elaborate concrete runways would have to be built. In the second place, bases in this location are not considered necessary from a military point of view.

General Twining confirmed Admiral Radford's military estimate and pointed out that in view of the short distances, if Indochina were lost, such an air field would be literally under the guns of the enemy.

Admiral Radford also indicated that if we negotiated an agreement to construct an air base the next question that would be asked would be what are we going to use it for and in what circumstances. He implied there was no easy answer to this question.

With respect to the possible expansion of the Thailand army, Admiral Radford indicated that General Gilman had reported that it would take two years to train officers and NCO's for the existing army of 60,000. Therefore, any larger force would be impractical at this time. . . .

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With respect to the highway development, Admiral Radford stated this was an FOA project and that the Joint Chiefs would probably have no objection to its construction.

Mr. Landon referred to the possibility of developing the air base at Korat or to the construction of one considerably further south. He suggested that a base in the latter area might be less expensive, especially as the rainy season there was short.

Mr. Murphy said he thought Ambassador Donovan had discussed this when he was in Washington recently and that he had been under the impression the Air Force was interested in the possibility of building an air base in Thailand.

Admiral Radford said the Joint Chiefs felt certain that if the money was available to build another base a better location could be found. The JCS was just completing a study of Southeast Asia[2] and if Indochina were lost they did not believe operations could be conducted from Burma to Thailand.

General Twining said he did not believe Mr. Landon's point with respect to the possibility of constructing a less elaborate and cheaper base was sound since any base would have to be up-to-date and capable of handling jet aircraft. It would not be possible for the Air Force to do this on a shoe string.

In reply to a further question, Admiral Radford made it clear that when he was talking about these bases elsewhere he was not talking about one located in Southeast Asia.

[Here follows discussion relating to Guatemala and Indochina.]

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[2] Reference is presumably to a JCS memorandum of May 21 to the Secretary of Defense concerning the defense of Southeast Asia in the event of the loss of Indochina to the Communists; for text, see Part 1, p. 514.

No. 426

790.5/6–154: Telegram

The Under Secretary of State (Smith) to the Embassy in Thailand[1]

TOP SECRET GENEVA, June 1, 1954—7 p. m.

13. Eyes only Ambassador Donovan. Following is a summary memorandum of conversation[2] May 30 Under Secretary, Assistant Secretary Robertson and Ambassador Sarasin, who just returned from Bangkok.

1. Sarasin reported decision to push ahead with United Nations appeal.[3] Asked for and received assurances unqualified United States support. He was uncertain Indian attitude, but Prince Wan seeing Menon. If India accepted membership POC, he felt Burma might be persuaded. Commented on improved Thai-Burmese relations.

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[1] Repeated to the Department as Dulte 139 which is the source text.

[2] Not found in Department of State files.

[3] The texts of a Thai draft resolution dated June 16, requesting that a subcommission of the U.N. Peace Observation Commission be sent to Thailand; a statement by Henry Cabot Lodge, Jr., U.S. Representative at the United Nations, supporting the resolution; and a statement by Secretary Dulles, following the Soviet Union's veto of the resolution in the Security Council on June 18, is in Department of State *Bulletin*, June 28, 1954, pp. 974–975. For further documentation, see vol. XVI, pp. 875 ff.

2. Sarasin indicated it clear from his Bangkok conversations, Thai Government not presently interested in having United States jet fighter wing stationed in Thailand. However, idea agreeable in principle and would be acceptable under any one following three conditions: (1) as result United Nations resolution; (2) as result decision by collective security organ; and (3) in connection with mutual defense pact with United States.

Present Thai concern is buildup their own forces, including jet aircraft and bases. Indicated problem exists increasing Thai forces since United States MAAG Thailand operating on plan approved last year which does not provide for increased force levels. In referring General Gillmore, Sarasin stated in rather strong terms, feeling of some top Thai officials that Gillmore's blunt approach to problems has caused some difficulty in relations between MAAG and Thais, although all recognize his military capabilities.

Under Secretary suggested in view some confusion existing both sides, best way to resolve situation would be visit to Washington by Thai Chief of Staff and appropriate officers, possibly accompanied by General Gillmore. Said Washington would have to authorize visit,[4] but thought it feasible. Sarasin agreed its value and said would report to government.

3. Sarasin reported Thai Prime Minister extremely upset that Thai not invited participate five power military talks in Washington. Under Secretary explained five power talks continuation of talks over period several years and did not represent discussion by members of collective security organ. Purpose of talks, in addition to impetus for collective action, was to obtain best possible military evaluation of Indochina situation. Other interested countries would be kept informed and at appropriate time it was hoped, have conference to include them. At this stage it would be impossible to get United Kingdom, Australia and New Zealand, if participation other countries included. Would be helpful if Sarasin could explain situation to his Prime Minister.

SMITH

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[4] On June 8, the Departments of State and Defense authorized an invitation to the Thai Chief of Staff and other appropriate Defense Ministry representatives to visit Washington, accompanied by General Gillmore, to discuss the nature and amounts of possible further military assistance. (Telegram 2451 to Bangkok; 790.5/6–154)

No. 427

790.5/6-654: Telegram

The Ambassador in Thailand (Donovan) to the Under Secretary of State (Smith), at Geneva[1]

TOP SECRET BANGKOK, June 6, 1954—noon.

5. Geneva eyes only Smith. Reference Geneva telegram 13, repeated Department Dulte 139.[2]

Original suggestion concerning jet fighter wing sent Secretary on my own responsibility as practical means of strengthening this region.

Prime Minister and Air Marshal Ronnie[3] stated that Thai Cabinet was strongly in favor of United States leased bases in Thailand. Sarasin under impression three points were conditions. In reality these points considered by Cabinet as possible examples of how to take the step which both countries know must be done in negotiated partnership to avoid the propaganda pitfalls of "the occupying power".

I hope you will refrain from bringing before you Thai and American officers to resolve difficulties that are curing themselves.

Marshal Ronnie and his staff of the Thai Air Force together with Gillmore dined with me on the evening of June 1 and confirmed what I said above.

DONOVAN

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[1] Repeated to the Department eyes only for the Secretary as telegram 2424 which is the source text.

[2] *Supra.*

[3] Air Chief Marshal Fuen Ronapakat Riddhagni, Commander in Chief of the Thai Air Force.

No. 428

State–JCS Meetings, lot 61 D 417

Memorandum on the Substance of Discussions at a Department of State–Joint Chiefs of Staff Meeting[1]

TOP SECRET WASHINGTON, June 16, 1954—3:30 p. m.

[Here follows a list of persons (19) present. The Joint Chiefs present were General Twining and Admiral Carney; Deputy Under Secretary Murphy headed the Department of State contingent.]

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[1] The source text bears the notation: "State Draft. Not cleared with any of participants."

Mr. Murphy explained to the Joint Chiefs that Ambassador Donovan was pleased to be present at the invitation of the JCS to discuss additional aid to Thailand.

After the usual amenities, Ambassador Donovan reviewed the plan developed by himself and General Gillmore, Chief of MAAG, Bangkok.

General Twining, on behalf of the JCS, indicated that the JCS approved the recommendation that the Thai armed forces be increased from 57,000 to 90,000; that the Saraburi–Ban Phai highway be constructed if FOA can finance it; and that an air base be constructed probably at Korat if a means could be found to finance it.

There was further discussion concerning the stationing of an air wing in Thailand at the proposed air base. General Twining indicated that the Joint Chiefs were opposed to this project at this time. Discussion ensued in which Ambassador Donovan pointed out that it would be necessary to have the wing stationed somewhere. General Twining agreed, but insisted that there were strong arguments against stationing it in Thailand. He added that the Joint Chiefs had not taken this decision lightly. He stressed that the proposal was political rather than military and that it was militarily unjustified because you would need the same amount of logistic support for one wing in Thailand as you now need for two or more somewhere else.

Ambassador Donovan noted that there was some question whether the Thais could support additional aid. He referred to the forthcoming visit of the Thai Chief of Staff.[2] It was brought out that the date of the Chief of Staff's arrival had not yet been definitely set. Brief reference was also made to General Gillmore's role, which was elaborated by Mr. Landon.

Ambassador Donovan expressed interest in the Five-Power conference and the relationship thereto of Thailand and the Philippines. Admiral Carney reviewed his talks with General Vargas.[3] He had briefed General Vargas in a very general way on the conference, and he intended to do the same in more detail with the Thai Chief of Staff when the latter arrived.

At the request of the Joint Chiefs, Ambassador Donovan gave a brief review of the situation along the Thai-Laotian/Burmese border. He stated that there were no anti-communist Chinese forces in northern Thailand territory. The Ambassador also reviewed the situation in Burma and his conversations with the British Ambassador to Burma. He also outlined his conversations with the Netherlands Ambassador regarding Indonesia.

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[2] The Thai Military Mission, headed by Gen. Sarit Thanarat, Deputy Minister of Defense and Commander in Chief of the Royal Thai Army, arrived in Washington on July 2.

[3] Regarding conversations between Gen. Jesus Vargas, Chief of Staff of the Philippine Armed Forces, and representatives of the Department of Defense, held in Washington on June 16 and 17, see Document 368.

No. 429

State–JCS Meetings, lot 61 D 417

Memorandum on the Substance of Discussions at a Department of State–Joint Chiefs of Staff Meeting[1]

TOP SECRET WASHINGTON, July 9, 1954—11:30 a. m.

[Here follows a list of persons (27) present. The list includes the four Joint Chiefs and Deputy Under Secretary Murphy, who headed the Department of State contingent. The meeting began with discussion relating to Southeast Asia, Germany, and the Middle East.]

7. Thailand

Admiral Radford then introduced the subject [of aid] to Thai forces. He and Admiral Carney indicated that the Thais had made a very sketchy presentation of their needs. They apparently had no plan until shortly before their departure from Bangkok. Our MAAG there under General Gillmore has not completed its analysis of this plan. According to Admiral Radford, a large part of their request is for budgetary support. The Thais stated that 25 to 40 percent of their present budget is used for military expenditures and that under their new plan this would be increased to 50 to 75 percent. Admiral Radford said the Joint Chiefs had not committed themselves to anything as yet; any increase in assistance would first have to be in the training field. In view of the lack of money available to Defense as well as the fact that we are not clear about our general intentions in Southeast Asia, the Joint Chiefs feel no long term commitment to the Thais could be made at this time.

Mr. Murphy said he thought at the meeting with the Joint Chiefs which was recently held and which Ambassador Donovan attended,[2] the Joint Chiefs had agreed to an increase in the Thai force from 57,000 to 90,000. Admiral Radford replied that this was not the case. Mr. Murphy stated that the Secretary was concerned that the Thais would return dissatisfied and the political impact would be adverse, especially on our plans for a Southeast Asian alliance. Admiral Radford said the biggest thing the Thais had in mind was the FOA program but that he understood they had called off a meeting arranged today with FOA because they were not prepared. Admiral Davis[3] said that the Joint Chiefs had not said "no" to the Thais, merely that their plans had to be studied further. Mr. Murphy then said he wanted to be clear about the Joint Chiefs' position. Was it correct to say the Chiefs do not want to move at the moment until there had been a decision with respect to Southeast Asia generally and because the money was not available. Admiral Radford said the Joint Chiefs felt the first action which should be taken would be a training program for present forces which could be initiated within the next two months. The Joint Chiefs did not agree to an increase in ground forces since present Thai forces are adequate for internal security. General Ridgway expressed his agreement with Admiral Radford on this point. Admiral Radford said that the Thais couldn't raise a large enough force to have a significant effect if there were external aggression. Admiral Carney said it was their feeling the main danger in Thailand was internal subversion and therefore the internal security problem was most important. Mr. Murphy repeated his remarks about the Secretary's concern about this problem and his desire to obtain full Thai cooperation with respect to a Southeast Asian treaty. This discussion closed with General Ridgway's remark that the Joint Chiefs were still studying the matter.

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[1] The source text bears the notation: "State Draft. Not cleared with any of participants."

[2] See the memorandum, *supra*.

[Here follows discussion concerning United States relations with the Republic of Korea.]

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[3] Vice Adm. Arthur C. Davis, Director of the Office of Foreign Military Affairs, Department of Defense.

No. 430

792.5/7-954

Memorandum of Conversation, by the Officer in Charge of Thai and Malayan Affairs (Landon)

SECRET WASHINGTON, July 9, 1954.

Subject: Defense Arrangements for Thailand.

Participants: The Secretary
His Excellency Pote Sarasin, Ambassador of Thailand
Kenneth P. Landon—PSA

[Here follows a portion of the memorandum of conversation printed in Part 1, page 612.]

At this point the Secretary changed the subject and inquired when the Thai Commander-in-Chief of the Armies, General Srisdi, would be leaving Washington, inquiring also whether General Smith had been able to get in touch with the Ambassador to suggest that General Srisdi remain a few days longer in order to make more specific arrangements with the Department of Defense.

The Thai Ambassador said that he had received the message through Mr. Drumright but had not been able to reach General Srisdi yet. Nevertheless, he gave assurance that General Srisdi would remain several days beyond the original schedule. He expressed great pleasure at the Secretary's statement and asked as to the nature of the arrangements which might be reached.

The Secretary explained that the matter had been discussed in the Cabinet;[1] that the President had taken an active and personal interest in the matter; that Secretary Anderson's staff would be working out details over the week-end and that it was expected that Secretary Anderson would be in a position on Monday to deal with the details of reinforcing the Thai Armed Forces.

The Secretary pointed out that he did not mean to raise Thailand's hopes unduly as the Thai plans had achieved enlarged proportions beyond expectations; that the principal point right now was to get started on developing the reinforced Armed Forces of Thailand. Subsequent plans would be based on practical achievements.

The Thai Ambassador expressed great appreciation for this information and said that in his thinking a strong Thai Armed Force would achieve three objectives: (1) be prepared to defend Thailand; (2) be a deterrent to aggression; (3) be a real contributor to any collective defense arrangements for Southeast Asia.

As the Thai Ambassador was departing the Secretary instructed his secretary to inform Secretary Anderson's office that General Srisdi would remain for a few days longer and would be available for conversations on Monday.[2]

The Thai Ambassador departed in a euphoric state.

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[1] According to the minutes of the Cabinet meeting on July 9, Secretary Dulles referred, during a report on the international situation, to the "pessimistic attitude of the Chief of Staff of Thailand who was returning to his country without securing the assistance requested. The President queried whether adequate administrative machinery existed for acting on these questions. Secretary Anderson explained that the Chief of Staff desired approval for a program greatly expanded at the last minute and that Defense was merely delaying decision, without rejecting the proposal, until adequate reports could be secured from the appropriate military advisory group. The President hoped that the Thailand Chief of Staff could be made to understand our sympathetic approach before his departure." (Eisenhower Library, Eisenhower papers, Whitman file)

[2] July 12.

No. 431

792.5/7-1254

The Deputy Secretary of Defense (Anderson) to the Commander in Chief of the Royal Thai Army (Sarit)[1]

SECRET WASHINGTON, 12 July 1954.

DEAR GENERAL SRISDI:[2] It has been a great pleasure to have had the opportunity of meeting with you and the members of the Thai Military Mission during your stay in Washington. I sincerely hope that your visit to the United States has been pleasant and satisfactory. I know that I speak for the entire Department of Defense when I say that your visit here has been extremely helpful and that the conferences with you and your staff and with General Gillmore have assisted us greatly in the development of our plans and programs for the more effective security of your country and the United States.

In extension of our previous discussions and in view of your imminent departure from Washington, I have had our staff expedite its analysis of certain features of your military program which have been presented during the various conferences we have had with you and your staff during your visit here.

In the brief period available to us we have prepared, with the assistance of General Gillmore, a preliminary analysis of your military program. As a result of this analysis and as a result of our most helpful conference with you, I am happy to inform you that the United States Government is prepared to allocate immediate military assistance, in addition to that already scheduled for delivery to the Government of Thailand, in the amount of approximately $25,000,000.

This additional assistance is to be made available for the purpose of strengthening the Thai Armed Forces along the following lines:

a. Improving the over-all military training program and increasing the production of qualified junior officers, non-commissioned officers, and technical personnel.

b. Additional support for training purposes, including the provision of weapons, equipment, and training assistance required therefor.

c. Strengthening existing units of the Thai Armed Forces by the extension of Mutual Defense Assistance Program support to certain elements of the Thai forces which are not now so supported.

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[1] The source text is a typed copy of the original letter.

[2] Srisdi Dhanarajata is another transliteration of Sarit Thanarat.

For the reasons discussed with you and your staff, the United States Government is not in a position at this time to make further commitments with respect to the future enlargement of the Thai Armed Forces; however, the increased assistance which is being made available will improve the effectiveness of the existing Thai forces and will also provide a firm base for possible further expansion in the future. I know you will agree with me that our joint immediate goal must be the maximum improvement and more effective organization of the present armed forces along the lines indicated as a necessary first step in any future expansion. It is only on the basis of the successful accomplishment of this phase that firm recommendations can be developed for any such future expansion.

Because of the brevity of your stay in Washington, it will of course be necessary to work out the details for utilizing this additional military assistance with you later through and based upon the recommendations of General Gillmore.

You are of course aware of the several specific programs of an organizational and confidential nature, concerning the initiation of which members of our two staffs have agreed.

In addition to this increased military assistance and these other programs, I am pleased to confirm to you that the United States Government will make available $3,000,000 in order to assist the Government of Thailand in initiating the construction of a highway from Saraburi through Korat to Ban Phai. It is planned to make these funds available in increments as the construction progresses. This highway, we agree, will be of great strategic value to Thailand and will contribute materially to the Thai defense capabilities against aggression. It will, in addition, be of great economic benefit to your country.

The United States Government will continue its sympathetic consideration of the entire program submitted by you and your staff in the light of the fiscal and governmental procedures which are necessary in such analyses. These studies as well as the foregoing program I have outlined are a further indication of the deep interest of the United States in assisting the Government of Thailand to improve its ability to successfully defend itself against aggression and to maintain its position as a sovereign and democratic member of the free world community of nations.

I am certain that you will agree with me that your visit has resulted in substantial achievements and has contributed to our understanding and resolution of our joint defense problems.

Sincerely yours,

R. B. ANDERSON

No. 432

S/S-NSC files, lot 63 D 351, NSC 5405 Series

Memorandum by the Executive Officer of the Operations Coordinating Board (Staats) to the Executive Secretary of the National Security Council (Lay)[1]

TOP SECRET WASHINGTON, July 15, 1954.

Subject: Special Report on Thailand

Reference: NSC 5405 (approved by the President and referred to OCB as coordinating agency on January 16, 1954), especially paragraphs 44, 45 and 46.[2] NSC Action Nos. 1011, 1019a., 1066, and 1106e.[3]

1. NSC 5405 includes a statement of U.S. policy "to conduct military, economic and technical assistance programs, and strengthen cultural and propaganda programs . . . " in Southeast Asia. The policy also requires that the U.S. "take whatever measures, including increased aid to Thailand, may be determined as feasible to forestall an invasion of Thailand or a seizure of power by local Thai Communists", "if a serious deterioration of the situation in either Indochina or Burma appears imminent".

2. In response to this policy requirement, the U.S. Government has now committed or is considering military and economic aid to the Thais designed to effect the following:

a. The construction of the Saraburi–Ban Phai highway.

b. The improvement of certain air navigation facilities in Thailand and the improvement and construction of air base facilities therein.

c. The inclusion of substantially the entire present Thai army strength under MDAP for the purpose of creating a reinforced corps of three divisions plus an additional independent division and support arms.

d. Aid and training in the development of an improved Volunteer Defense Corps.

e. Certain assistance to the operating costs and improvement of the Thai Navy.

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[1] The memorandum and its attachments were circulated to the National Security Council with a covering memorandum of July 19, from the Acting Executive Secretary, S. Everett Gleason.

[2] For text of NSC 5405, "United States Objectives and Courses of Action With Respect to Southeast Asia," Jan. 16, 1954, see Part 1, p. 366.

[3] Regarding these NSC actions, see, respectively, *ibid.*, footnote 6, p. 365; footnote 7, p. 385; footnote 6, p. 399; and footnote 8, p. 457.

f. The improvement of and assistance in certain intelligence . . . of Thailand. (These matters will be reported on separately to the NSC by the Director of Central Intelligence.)

3. In addition to the above programs, the Thai military delegation has indicated its desire for increased economic assistance on the basis that Thailand's economy cannot support a substantial enlargement of the armed forces without such assistance, particularly in the absence of expanded markets for Thai exports.

4. These actions clearly fall within the existing policy as stated in NSC 5405 and may be expected to have a salutary psychological effect in Thailand. Certainly they will contribute to the belief of the Thais that their future lies in orientation with the free world.

5. From a strategic point of view, however, these actions do not and cannot produce an effective military force in Thailand capable of withstanding the pressures which might be imposed by Chinese Communist intervention or by Chinese Communist support of Southeast Asian Communist aggressors in the Associated States.

6. Furthermore, the present limits on the program are derived not only from the military infeasibility of developing Thailand as a bastion in Southeast Asia by the foregoing means, but are also limited by other U.S. world-wide commitments which under present policy limit the diversion of more substantial funds or allied military forces to the area.

7. It should also be noted that Thailand's budgetary and foreign exchange position has continued to deteriorate as a result of the decline in the value and volume of Thai exports, particularly rice. Although effective implementation of remedial measures by the Thai Government could significantly improve Thailand's financial position, the likelihood of the need for budgetary support from the U.S. must be considered in connection with any programs which would require large additional expenditures by the Thai Government in the current year.

8. The OCB, therefore, recommends that the National Security Council review the existing policy with respect to NSC 5405 with particular reference to Thailand in light of these considerations:

a. Presently feasible programs consistent with existing policy will not serve to "guarantee" the defensibility of Thailand or the remainder of Southeast Asia in the event that a political partition of Viet Nam and the effective neutralization of Laos and Cambodia become a fact.

b. Within existing policy even the diversion of supplementary assistance beyond that presently contemplated would appear to require a policy affirmation of the priority which is to be assigned to Thailand as distinguished from other U.S. world-wide strategic commitments.

c. Policy affirmation would appear to be required to the extent of a U.S. or U.S.-allied effort to hold Thailand against every threat, recognizing that this effort may require the direct utilization of forces other than those which can be generated in Thailand alone.

9. *The attention of the NSC is also invited* to the problem of an International Volunteer Air Group, which is somewhat separate from, but related to the questions raised above. In response to the NSC requirement formulated in connection with IVAG at its 195th Meeting on May 6, 1954 (NSC Action No. 1106e), the OCB submits the plan attached as Tab 3 and recommends:

a. That the plan be held for possible future use not only in Southeast Asia but in any part of the world where required.

b. That the National Security Council consider the formation of an International Volunteer Air Group for utilization in Southeast Asia in light of the requirements therefor which might emerge from the context of the overall policy requirements in the area when formulated.

10. A more detailed treatment of the problems outlined above is contained in the attachments consisting of:

Tab 1. *Special Report to the National Security Council*
Tab 2. *Annex to Special Report to the National Security Council*
Tab 3. *Draft*—Memorandum for the Operations Coordinating Board, An International Volunteer Air Group, dated 7 July 1954, attaching Appendix—*Detailed Organization and Cost Estimate of an IVAG.*[4]

ELMER B. STAATS

[Tab 1]

SPECIAL REPORT TO THE NATIONAL SECURITY COUNCIL

NSC 5405, paragraphs 44 and 45 read:

"Continue to assist the Government of Thailand in creating conditions of internal security, in becoming a stabilizing force in Southeast Asia, in better withstanding communist pressures in the area, and in maintaining its alignment with the free world; and, as appropriate to support these ends, conduct military, economic and technical assistance programs, and strengthen cultural and propaganda programs and covert operations."

"If a serious deterioration of the situation in either Indochina or Burma appears imminent, take whatever measures, including increased aid to Thailand, may be determined as feasible to forestall an invasion of Thailand or a seizure of power by local Thai Communists."

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[4] For text of the memorandum and appendix, see Part 1, p. 603.

Under the foregoing policy directive a number of diverse projects involving military and economic assistance, as described in PSB D-23[5] (Thailand) were either carried out or initiated. In addition, certain projects initiated by Ambassador Donovan, which were in conformity with the above policy, were launched. The MAAG was strengthened and transformed into JUSMAG. The scale and nature of the assistance was planned in relation to the problem of enabling the Thai Government and people to maintain internal peace and security in the midst of nations disturbed by Communism, Thailand not yet being under direct attack and the adjacent areas not yet lost to the forces of Communism.

Among the projects recently launched or approved were the enlargement of the training facilities for the military, the provision of air operational equipment and the construction of the Saraburi-Ban Phai Highway connecting the central plains highway system with that of the northeastern plateau.

Military developments in the Indochina area and negotiations at Geneva have punctuated the transition from Phase I of PSB-23 to one approaching Phase II which visualized the loss of Indochina to the Communists.

A twelve-man military mission headed by the Commanding General of the Thai Armies, General Srisdi, assisted by the Thai Chief of Defense Staff General Jira Vichit, arrived in Washington July 1 for discussions with the Department of Defense. The Chief of JUSMAG, General Gillmore, accompanied the mission. Shortly before the mission departed from Bangkok the Thai Government presented far reaching requests for the expansion and diversification of the Thai military services which would involve very substantial sums of money, the totals of which have not yet been ascertained. The Thai Ambassador, Pote Sarasin, has mentioned a round sum of $400 million. Some indication of the extent of the requests is shown by the following items which were under discussion before the arrival of the Thai military mission:

1. The development of an air base in northeastern Thailand at Korat, at the terminus of the proposed Saraburi-Ban Phai highway, and possibly the deploying of a U. S. fighter wing on a TDY basis. The development of such an air base and the presence of a U. S. fighter wing would be both an element in the containment of Communism and a threat of massive retaliation if Communist Chinese forces moved south.

2. The effective development of present MDAP forces in Thailand, together with certain non-MDAP units to an approximate equivalent of four U.S. divisions, should be carried out. The total cost of this program is estimated at $52.3 million of which about

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[5] See Document 403.

$1.6 million would be used in the first year for expanded officer training.

3. The augmentation of the Thai armed forces by seven additional light infantry divisions with a minimum of motor transport and electronic equipment and a maximum of automatic weapons and mortars should be planned and carried out. There is no estimated total cost available but it would be much cheaper per division than equivalent U.S. divisions.

4. The development and training of a militia or volunteer Home Guard force is desirable. These would be village forces aimed to cope with small roving bands of Communist guerrillas or propaganda agents. Their equipment would be of a light police nature . . . .

In a discussion between the Thai military mission and the Department of Defense on July 3, 1954, the Thai Commander-in-Chief, General Srisdi, sketched out a broad three-year program for developing an amplified military program for Thailand. As described by General Srisdi these were in summary as follows:

1. *Army*—Reorganization of existing units into one complete Army corps (including three infantry divisions, corps artillery and other corps troops), one separate infantry division, and four horse cavalry squadrons. The divisions to be about ¾ U.S. strength and otherwise patterned along U.S. lines except lighter in tanks and motor vehicles.

2. *Navy*—Re-establishment of naval forces of 66 ships of various types, and 6 Marine battalions (including 2 infantry-type battalions; 2 AA battalions, MP security elements, and 1 amph-trac company).

3. *Air Force*—12 Fighter-Bomber squadrons, several transport and training squadrons, 12 helicopters, and security forces consisting of 8 infantry-type battalions, 2 AAA battalions. The Air Force now has a security force but it is not organized into battalions and not at the strength desired. The Thai Air Force is also concerned with acquiring radar equipment and with creating an air defense system.

c.[6] Thailand desires that all existing and projected Thai forces be placed under U.S. MDAP support.

d. Thailand desires to establish with U.S. assistance, a small arms ammunition factory.

During the lengthy discussion General Srisdi emphasized a number of times that the main problem is financing; that Thailand's budget is already overburdened and that Thailand would like to have direct U.S. financial assistance. He implied that the amount would be substantial.

The proposed program had been developed by the Thai in view of the deteriorating situation in Indochina and the expectation that if the situation deteriorates further Thailand would be attacked by

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[6] There are no subparagraphs a and b in the source text; presumably subparagraphs c and d should have been numbered paragraphs 4 and 5.

Communist forces from China either by armed force or by subversive activities.

NSC 5405, paragraph 46 states:

"In the event of overt Chinese or other Communist major aggression against Thailand:

> "a. Support an appeal to the UN by the Thai Government.
> "b. Consistent with world-wide U.S. commitments take appropriate military action against Communist China as part of a UN collective action or in conjunction with France and the United Kingdom and any other friendly governments.
> "c. Employ as desirable and feasible anti-communist Chinese forces, including Chinese Nationalist forces, in military operations in Southeast Asia, Korea, or China proper."

The foregoing courses of action (NSC 5405) (paragraphs 44, 45, 46), are not regarded by the Department of Defense as adequate authority for the build-up of Thailand's military strength along the lines currently under discussion between the Thai and U.S. Governments.

Recommendation:

That the National Security Council examine the courses of action in NSC 5405 with a view to relating them to current U.S. objectives in the area.

[Tab 2]

Annex to Special Report to the National Security Council

Discussions with General Gillmore and members of the Thai Military Mission brought out the following additional information:

1. The proposed augmentation of the Thai Armed Forces by seven additional light infantry divisions, mentioned in the first paragraph on page 3,[7] was an idea developed by General Gillmore and not by the Thai. The idea was that such additional divisions should be developed in case of emergency if Thailand were actually threatened with military attack. This item, therefore, has no substantial status although it is on the records of the Department of Defense as a possible additional course of action.

2. The present Thai request, as indicated in the summary of General Srisdi's remarks at the bottom of page 3 and the top of page 4,[8] coincides in general and in pattern with General Gillmore's recommendations under items 1 and 2 on page 2,[9] with the essential

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[7] Paragraph 3 in the first series of numbered paragraphs in the Special Report above.

[8] The second series of numbered paragraphs in the Special Report.

[9] Paragraphs 1 and 2 in the first series of numbered paragraphs in the Special Report.

difference that in the Thai request the personnel strength listed in the full scheme seems to be out of proportion with the numbers of Divisions involved. Further discussion with General Gillmore and with the Thai indicated that the Thai have a three-year program in mind; that the preliminary preparation of forces in the pattern outlined should be achieved by July 1, 1955 and that the Thai would not expect to achieve full strength, which would roughly double their Armed Forces, until the end of the three-year program.

On page 3 of the Thai proposal[10] the statement is made: "Neither an increase in the yearly revenue nor a greater allotment than at present from the revenue for military purposes can be foreseen".

The Thai have made it abundantly clear that any increase in their Armed Forces must be made possible by United States subsidy of the additional budget required. In order to emphasize their point in conversation the Thai military have argued that their financial position has deteriorated so that they are actually unable to carry even their present military program. It is believed, however, that this is an argument to strengthen their position in requesting financial assistance for the increase in the Armed Forces and that the Thai Government will continue to allocate present allotments for military purposes.

It is understood that the Department of Defense will inform the Thai that the U.S. Government will:

1. Finance the construction of the Saraburi-Ban Phai Highway;
2. Enable the Thai Government to develop three suitable air bases at Korat, Tha-Pli and Songkhla;
3. Undertake the development of the reinforced military corps, in the pattern described as recommended by General Gillmore. The most important of these three items is the last, as it is the most expensive and far-reaching in its implications. It is understood, however, that agreement to develop the reinforced corps does not envisage the manpower build-up for the three-year Thai program which would involve a grand total for all three Services of 181,728 men, which would include Army 148,654, Navy 10,662, and Air Force 22,412. In other words, the present commitment is to carry out only the first year of the three-year program, which is comparable to the recommendations of General Gillmore, the cost being about $52.3 million of which about $1.6 million would be used in the first year for expanded officer training. The Department of Defense apparently feels that the larger program of doubling the Armed Forces should await more specific instructions, perhaps through NSC channels.

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[10] Not found in Department of State files.

No. 433

Editorial Note

At the 210th meeting of the National Security Council on August 12, during a discussion of United States policy in the Far East, there was a brief discussion of Thailand, as a result of which the National Security Council, in NSC Action No. 1204–c, "Noted that the President requested the Secretary of State to recommend means of providing visible evidence in Thailand of our intention to prevent further Communist expansion." (Eisenhower Library, Eisenhower papers, Whitman file) That portion of the memorandum of discussion is printed in Part 1, page 724.

No. 434

711.56392/8–1754

The Deputy Assistant Secretary of Defense for International Security Affairs (Davis) to the Secretary of State

TOP SECRET WASHINGTON, August 17, 1954.

DEAR MR. SECRETARY: I refer to the letter from my office dated 4 June 1954,[1] in which it was stated that the Joint Chiefs of Staff had requested the Chief of Staff, U.S. Air Force to conduct an immediate study and to make recommendations as to the airfield or airfields, if any, to be developed in Thailand and the Kra Peninsula.

The Joint Chiefs of Staff have reviewed the study prepared by the Chief of Staff, U.S. Air Force, and recommend that no further action be taken at this time regarding the proposal of the U.S. Ambassador to Thailand for airfield construction or rehabilitation, or for the deployment of a U.S. Air Force unit to Thailand.

It is considered unsound from the military standpoint to attempt to defend Southeast Asia under the concept of a static-type defense, and the deployment of any U.S. Air Force unit to Thailand would be but the first step leading to the commitment of U.S. forces under such a concept. It is further considered that the United States should adopt a concept of offensive action against the military power of the aggressor, rather than the concept of reaction locally at the point of the attack.

Additionally, since an airfield complex exists outside the mainland of Southeast Asia adequate for the attainment of the objective outlined above, and current plans for implementation of this action do not require utilization of Thailand airfields, it is considered that the United States should not undertake the construction of airfields in Thailand at this time.

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[1] Not printed.

Sincerely yours,

A.C. DAVIS

No. 435

792.5/10-1554: Telegram

The Chargé in Thailand (Parsons) to the Department of State

SECRET BANGKOK, October 15, 1954—11 a. m.

811. Joint Embassy-FOA message. Reference Deptel 927, October 13.[1] Following discussion mentioned Embtel 549 of September 10,[2] Thai Government made official request for additional assistance for both military and economic purposes. STEM officials with assistance Embassy officer and, where appropriate, JUSMAG chief have listened to justification for request from several Ministries. Information on Thai requests being forwarded separate State cable.[3]

Embassy and STEM firmly convinced necessity increase amount economic assistance to Thailand. Thai, in face falling government revenues, under obligation increase military expenditures. At same time necessary Thai continue nonmilitary expenditures at high level to prevent development unrest among population which would increase receptivity to Communist propaganda.

In deciding nature and amount additional economic assistance both Embassy and STEM convinced desirable whenever possible finance nonrepetitive items (except possibly direct forces support which should have agreed cut-off date) to preclude possibility building permanent budget support into Thai thinking. Also wherever possible such items should be of nature capital investment to demonstrate both Thai and Communists that US Government convinced that Thailand will be independent for a sufficient period of time to permit full utilization of such long-term type investments.

PARSONS

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[1] Telegram 927 stated that the subject of military budget support was under consideration as a matter of principle in view of requests for such aid from various nations and requested information and recommendations concerning a possible Thai request for such support. (792.5/9-1054)

[2] Telegram 549 reported an informal Thai request for economic assistance to cover a deficit in the Thai military budget. (792.5/9-1054)

[3] No such cable has been found in Department of State files, but see Document 437.

No. 436

Editorial Note

Field Marshal Pibulsonggram, in a message handed to President Eisenhower on November 4 by his personal envoy, General Phao Sriyanon, who was then visiting the United States, commended the bold initiative of the United States in forming the Pacific Charter and Manila Pact to maintain peace and security in the Far East. In the message, requests were also made to the United States for the purchase of Thai rice, appropriate support for the development of the Volunteer Defense Corps, and assistance in the expansion and improvement of Thailand's system of communications, particularly highways and railroads.

The President replied in a letter of November 10 that he had asked the appropriate elements of the government to study the questions raised in the Prime Minister's letter: the purchase of rice, the development of the Volunteer Defense Corps, and the expansion and improvement of Thailand's system of communications. (Eisenhower Library, White House Central files, Confidential file)

No. 437

792.5/12-154

Memorandum by the Regional Director for Far East, Foreign Operations Administration (Moyer) to the Director of the Foreign Operations Administration (Stassen)

SECRET WASHINGTON, December 1, 1954.

Subject: Additional Assistance to Thailand

1. *Problem.* The Department of State, for political reasons, considers it essential that prior to his departure, General Phao Sirynonda, Deputy Minister of Interior of Thailand, be given assurance of increased U.S. assistance to Thailand in response to the request for additional aid which he recently submitted on behalf of his government.[1] General Phao plans to leave Washington about December 4.

2. *Discussion.* The Thai Government requested additional assistance in the following amounts: $153,590,000, over six years, for de-

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[1] The Thai request, in the form of a booklet entitled "The Request of the Government of Thailand for Additional U.S. Assistance," prepared by the Ministry of Finance, Oct. 31, is not printed. (792.5/10-3154)

velopment projects; and $36,841,000 in CY 1955 for budgetary support, primarily for the armed forces.

The Country Team was asked to review the Thai request in the light of financial resources available to Thailand for meeting the cost of military, economic and psychological programs necessary to combat communist penetration. (Incl. A: Usfoto 438, Nov. 19.)[2]

A cabled summary of the Country Team's recommendations which are being forwarded by airgram has been received (Incl. B: Tousfo 489, Nov. 30).[2] It recommends additional grant aid totalling $25,225,000 in FY 1955, (including $600,000 for additional military end-item assistance); and $39,115,000 in FY 1956 (including $9,375,000 MDA), over and above presently planned MDA and Technical Cooperation programs.

The Country Team also recommends a loan program totalling $147.7 million, of which $16.2 million would be required in FY 1955 and $35.6 million in FY 1956. This is an overall requirement for external loan financing; the U.S. contribution would be reduced by the amount of any financing available through IBRD.

Since there is no prospect for a substantial improvement in Thailand's revenues and foreign exchange earnings, the country will require additional external financing to maintain its present military forces, and to cover the cost of development projects necessary for (a) mounting communist threats at subversion and (b) defense support. While Thailand can undoubtedly arrange for some additional loans from established banking institutions, the Country Team believes that loans through banking channels will not cover the cost of projects required primarily for the purpose of meeting defense and cold war objectives.

O/FE included in its budget submission for Thailand a request for $19 million for defense support, and a contingency reserve of $25,000,000 to cover additional requirements which might be identified by the Country Team's examination and appraisal of the Thai request for increased aid. As a result of the agency review of budget submissions, the defense support figure was reduced to $15 million, and the contingency item was eliminated, except as a possible claim on a world-wide reserve.

In the light of the Country Team's recommendation that increased defense support is required in Thailand, even if there is no substantial increase in Thai force goals, it will be necessary to reconsider the level of aid to Thailand in FY 1955 and FY 1956.

The Department of State considers that it would be seriously damaging to U.S. interests in Thailand for General Phao to receive no more than a general assurance of sympathetic consideration by the United States of Thailand's aid request. He has been a strong supporter of U.S. objectives in Thailand, has cooperated closely with U.S. agencies, and is a leading political figure—a likely successor to Field Marshal Phibun as Prime Minister. For these political reasons, a firm commitment to General Phao of some increased assistance to Thailand is considered necessary, prior to final review of the total grant and loan program proposed by the field. Any such commitment would have to be in very general terms since the detailed comments of the Country Team on specific project proposals have not yet been received.

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[2] Not printed.

3. *Conclusion.* Thailand will require defense support assistance in excess of that currently programmed for FY 1955 and presently provided for in the FY 1956 budget submission. At this preliminary stage of planning for FY 1956 it would be premature to give any assurances to the Thai Government on general levels of aid. Additional allocations to Thailand during the current fiscal year might be provided from Section 121 funds to meet immediate defense support requirements pending inter-agency review of total requirements for grant and loan assistance to Thailand in FY 1956.

4. *Recommendations:*

(a) The attached letter[3] be given to General Phao, advising him of U.S. agreement to furnish an additional $36.5 million to Thailand for defense support in FY 1953.

(b) The proposed level of aid for Thailand for FY 1956 be increased to cover the additional requirements, as determined after inter-agency review of the Country Team's recommendations.

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[3] The draft letter is not attached to the source text; another draft, dated Dec. 2, is not printed. (792.5/12-254) An OCB Status Report of Dec. 7 includes the following paragraph: "Governor Stassen signed a letter on December 3 committing an additional $28.2 million in aid for Thailand for FY '55. It is to be used for justified projects of a defense support nature. The letter is in reply to the one delivered to the President by General Phao." (OCB files, lot 62 D 430, "Status Reports III") No copy of the final letter from Stassen to Phao has been found in Department of State files.

No. 438

INR-NIE files

National Intelligence Estimate[1]

SECRET
NIE-62-54

WASHINGTON, 7 December 1954.

PROBABLE DEVELOPMENTS IN THAILAND[2]

THE PROBLEM

To analyze the political, military and economic strengths and weaknesses of Thailand and to estimate probable developments in Thailand over the next few years, with particular reference to the stability and effectiveness of the government, the internal Communist threat, and the will and ability of the Thai to withstand external Communist pressure or aggression.

CONCLUSIONS

1. Thailand is relatively stable politically, with power closely held by top military and police leaders. Although inefficiency and corruption limit governmental effectiveness the Communist movement is weak and no undercurrents of serious unrest or dissatisfaction are apparent in the population. Thailand's future stability and orientation will be largely determined by external developments, in particular by US and Communist courses of action in Southeast Asia. (Paras. 7-10, 20, 45)

2. Thailand's security forces are adequate for maintaining internal security under present conditions. Even with a large increase in foreign financial and technical assistance, Thailand will not be able to develop security forces adequate to discourage a major Com-

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[1] National Intelligence Estimates (NIE's) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems. NIE's were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the Central Intelligence Agency (CIA), approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of NIE's.

[2] According to a note on the cover sheet: "The following organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff. Concurred in by the Intelligence Advisory Committee on 7 December 1954. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G-2, Department of the Army; the Director of Naval Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction."

munist invasion or to delay more than briefly such an invasion if launched. Nevertheless with adequate assistance, and particularly if advisory personnel were to work with the Thai at the small unit level, the security forces could probably develop a capability to police Thailand's borders with reasonable effectiveness, to cope with guerrilla or other subversive activities within the country, and to repel small-scale Communist armed incursions. (Paras. 34, 37)

3. We believe that during the next few years the Communists are unlikely openly to invade Thailand with Chinese Communist or other identifiable Communist forces. They will, however, attempt to enhance Communist capabilities and influence in Thailand by: (a) developing internal subversive organizations and by using their capabilities in neighboring countries for progressive infiltration of Communist guerrillas and agents, and (b) bringing to bear diplomatic and propaganda pressures against the Thai Government in an effort to weaken its alignment with the US. (Para. 46)

4. We believe that at least during the next year or so, the present ruling group will respond to the initial stages of Communist pressures by pulling closer together and will continue its firm anti-Communist stand. Moreover, effective action by the Manila Pact powers in response to an appeal for assistance from Laos, Cambodia, or South Vietnam would greatly increase Thai confidence in continuing to stand with the West. (Paras. 40, 45)

5. On the other hand the extension of Communist control to all of Vietnam might stimulate doubts in Thailand over the wisdom of continuing a Western orientation. Communist control of Laos or Cambodia, by whatever means it were achieved, would significantly increase Communist subversive capabilities in Thailand and would almost certainly weaken Thai confidence in their Western alignment. (Para. 47)

6. In the latter situation, the Thai Government would probably remain aligned with the West only if it remains convinced that the US had both the willingness and the ability to defend Thailand against Communist aggression. If an invasion in force should occur, Thai resistance would probably be short-lived, unless US forces were speedily brought to bear. Furthermore, the Thai might come to believe that their close alignment with the US would not deter a Communist invasion of their country and might even give further incentive to the Communists to invade Thailand. They might feel that even if the US were clearly willing to defend Thailand, it would not be able to do so without protracted and large-scale warfare on Thai soil. If the Thai leaders estimated the situation in this way, they would probably be disposed to reject US assistance and

to seek some sort of accommodation with the Communists. (Para. 48)

[Here follows the "Discussion" portion of the paper, comprising paragraphs 7–48.]

No. 439

OCB files, 105 62 D 430, "Southeast Asia—1"

Paper by the Operations Coordinating Board Working Group on NSC 5405[1]

SECRET WASHINGTON, December 20, 1954.

POTENTIAL POLITICAL DIFFICULTIES FOR THE UNITED STATES INHERENT IN SUPPLYING ARMS TO THE THAI NATIONAL POLICE AND ARMY

PROBLEM

The OCB has requested the 5405 Working Group to review the potential difficulties for the United States inherent in supplying arms to the National Police and to the Army in Thailand as these two groups are potential rivals for political power, and to develop appropriate recommendations thereon for consideration by the Board.

BACKGROUND

1. U.S. Assistance to the Thai Army

The OCB "Special Report on Thailand" (NSC 5405) of September 29[2] outlined the pattern and quantity of military assistance being given or planned to enable the Thai Government and people to maintain internal peace and security in the midst of nations disturbed by Communism, Thailand not yet being under attack and her neighbors not yet lost to the forces of Communism. Military projects included the inclusion of the entire Thai Army under MDAP for the purpose of creating a reinforced corps of three Divisions plus an additional one-third Division and support arms.

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[1] A memorandum attached to the source text from Elmer B. Staats, OCB Executive Officer, to the Board Assistants, Dec. 20, notes that this paper resulted from an OCB request of Oct. 29 and comments: "While the paper was not completed until after the discussions and decisions on aid to Thailand, the exercise was beneficial in that the essential position of the paper . . . had been made known to all interested agencies."

[2] Reference is to Document 432 and its tabs.

The present training program is aimed to provide Thailand with a well trained and well officered Army of about 80,000. Any further expansion of the Army would depend upon the success of the training program for commissioned and non-commissioned officers which is the crucial factor. The higher ranking officer staff is not noted for its military quality, consisting largely of men who are more interested in politics and business. It is believed that the average soldier is as good as other soldiers in the world and that the lower ranking officers are professionally competent. The great need is for trained leadership.

2. U.S. Assistance to the Thai National Police

The Thai National Police have an estimated size of 42,000. . . . The National Police are Thailand's first line of defense as they are responsible for the patrol of Thailand's borders and inland waterways. Training . . . has produced excellent results which are noticeable in the smartness and high morale and efficiency of those elements of the Police located in the strategically important north and northeast border areas. In connection with the National Police, training has been completed of approximately 700 persons for the Volunteer Defense Corps. This is a village force aimed to cope with the small roving bands of Communist guerrillas or propaganda agents. They might also be used conversely as information agents for the Government. Their equipment is of a very light Police nature. The eventual goal for the Volunteer Defense Corps is 120,000. Each of Thailand's 40,000 villages would have three resident trained members of the VDC. During General Phao's visit in Washington a sum of $3 million was allocated to expand the present VDC to number about 25,000 trained persons.

3. Army and Police leaders.

The Thai army is commanded by General Srisdi Dhanarajata, who led a twelve-man military mission to Washington on July 1 for discussions with the Department of Defense. The Chief of JUSMAG, General William N. Gillmore, accompanied the mission. General Srisdi's mission was regarded in Thailand as highly successful as he received certain specific commitments before his departure which in money amounted to about $26 million beyond previously committed amounts of military assistance. General Srisdi was welcomed at the Bangkok Airport as a national hero. His political star appeared to be at its zenith.

The Director General of the Thai National Police is General Phao Siyanon. General Phao arrived in Washington November 3 on a special mission bearing requests contained in a letter from the

Prime Minister to the President[3] containing requests for economic assistance. On December 4 Mr. Stassen, Director of the Foreign Operations Administration, informed General Phao[4] that the United States Government had committed an additional $28.2 million of aid to Thailand for U.S. Fiscal Year 1955. The specific projects should be developed in Bangkok between the Thai Government and United States representatives. Of this sum only $3 million, referred under "2" above, was for direct assistance to General Phao's VDC. The remainder was for diverse projects recommended by the Country Team, most of which would tend to strengthen the Army rather than the Police.

DISCUSSION

Thailand's political situation is one which does not rest upon party politics. Political leadership and domination is measured in terms of strong personalities who have personal followers with power and influence. The three strong men in the Thai Government are the Thai Prime Minister, Phibun Songgram, General Srisdi and General Phao. A number of lesser individuals such as the Chief Air Marshal, Fuen Ronaprakat, provide additional support to the Prime Minister's Government.

The three principal political leaders control not only Thailand's Army, Air and Police Forces but also dominate the economy of the nation by economic controls and by their own business interests. For the first time in Thailand's modern history the rewards and profits of business are being drained from the alien business community (Chinese, British, Americans and others) into the accounts of the Thai. The Thai are aware of their inability to compete in business on an equal basis with the aliens. Thai officials have tipped the balance in their favor by the use of Executive Orders, legislation, graft, and legitimate business organizations which have the support of Thai officialdom.

Reports emanate constantly from Thailand that Generals Phao and Srisdi are in competition for the position of Prime Minister; that they do not come to blows because they are equally strong; that the Prime Minister is helpless in their hands as they have direct control of Army and Police power; and that at some moment there will be a *coup d'ètat* by General Srisdi or General Phao to take over the reins of Government.

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[3] See Document 436.

[4] The only record of this conversation found in Department of State files is a draft memorandum of conversation by Allan Loren of the Foreign Operations Administration. (792.5/12-454)

There are a number of considerations, however, which provide a different interpretation. For one thing, General Phao and General Srisdi are joint stockholders in many of their business ventures, both licit and illicit. For another thing, they have both been raised to their high positions by Prime Minister Phibun Songgram who took them under his wing when they were Captains and Majors and made them Generals and Admirals. It is significant that during General Phao's mission to Washington in November, he secured a commitment for $28.2 million in aid to the Thai Government and that most of the amount with the exception of $3 million for VDC would tend to strengthen the Army of General Srisdi. If the two were engaged in mutually destructive competition it is difficult to believe that General Phao would have worked so hard to strengthen the Armed Forces of General Srisdi.

The position of helplessness attributed to the Prime Minister is not novel. It is interesting to note that in 1940 the American Minister, Hugh Grant, in recounting his conversations with Prime Minister Phibun Songgram, stated frequently that he was a fine man who was helpless in the hands of the military; that he was forced to do and say the things that he did and said. Mr. Grant described him as a puppet in the hands of a military junta. Fourteen years have passed and the same things are being said of the same Prime Minister Phibun Songgram. It is worth noting that in 22 years of Constitutional Government since 1932, Phibun Songgram has had things his own way as Prime Minister for twelve years and appears to be in excellent health and on good terms with the current two strong men in his Government, General Phao and General Srisdi.

Before Ambassador William J. Donovan left Bangkok he reported a conversation with the Prime Minister, General Srisdi and General Phao,[5] to the effect that in case of a national emergency the Prime Minister, Phibun Songgram would take charge of the Armed Forces, General Srisdi would become Prime Minister and General Phao would maintain control of his Police and engage in clandestine operations and be the power behind the scenes.

It is believed that the evidence indicates that far from being political enemies preparing for each other's destruction, Generals Phao and Srisdi form the backfield for Prime Minister Phibun Songgram's power team, that they maintain an excellent balance of power within the country and that in event of national crisis they would work together for their own salvation as well as for that of the nation. These are men who have risen to high position by graft, by ruthless brutality and by cooperative support of one another. According to Thai custom they are blood brothers, made so by special ritual.

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[5] No record of this conversation has been found in Department of State files.

At the present time General Srisdi controls more guns in strategic locations than General Phao. The generally superior training and effectiveness of the Police and the capacity for rapid action might well outweigh the greater numerical strength of the Army in a coup situation. The additional military assistance promised to General Srisdi during his recent mission to Washington will probably provide the Army with as much assistance as it can absorb and certainly as much formal defense as the Thai nation requires. Any additional assistance should be aimed principally to improve the quality of the national Police and to coordinate the training and the relations of the Thai National Police with similar forces across the border in Laos, Cambodia and Burma. Such a development would enhance the security factors of these nations and would tend to pull them together in their stand against Communist aggression. It is not believed that such a development would be inimical to relations between General Phao and General Srisdi but would, in fact, be an additional factor in consolidating the position of the Thai Government in its anti-Communist stand and in its acceptance by the Thai people.

CONCLUSIONS

1. Thailand's political strength depends upon strong personalities who control power and not upon party politics.

2. The present Thai Government depends principally on the personal power and influence of three men: Prime Minister Phibun Songgram, General Srisdi and General Phao.

3. The leading politicians in the Thai Government control not only the Armed Forces and the Police Force but also have stronger control over and derive more benefit from alien business interests than any previous governments.

4. There is no political opposition, individual or group, which presently offers any threat to the present Thai Government unless supported by substantial foreign power and money.

5. The Prime Minister is not a helpless puppet in the hands of his military supporters as has been alleged continually since 1940, but is in real control and with his followers form a political team.

6. Generals Phao and Srisdi are not implacable enemies waiting for an opportunity to destroy each other to become Prime Minister, but are joint stockholders in most of their ventures, both licit and illicit.

7. There is recognizable competition between Generals Phao and Srisdi but such business and political vying is natural in their rela-

tions and is not self-destructive nor inimical to the stability of the Thai Government or its policies toward international Communism.

RECOMMENDATION

That the OCB accept the foregoing conclusions which indicate that there are no potential political difficulties which might inhibit the United States from supplying arms to the Thai National Police and Army.

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